
In the United States
Circuit Court of Appeals
For the Ninth Circuit

No. 7084

3

CHAS. H. LILLY CO., a corporation, WILMOT H. LILLY,
KASENO PRODUCTS CO., a corporation, and
GEORGE F. LINQUIST,

Defendants-Appellants,

vs.

I. F. LAUCKS, INC., a corporation,

Plaintiff-Appellee.

ON APPEAL FROM THE DISTRICT COURT OF THE
UNITED STATES, FOR THE WESTERN DISTRICT
OF WASHINGTON, NORTHERN DIVISION

Brief of I. F. Laucks, Inc.,
Plaintiff-Appellee

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INDEX OF BRIEF

	<i>Page</i>
I. STATEMENT OF CASE.....	2 to 17
(Following headings not separately set out in text):	
1. Pending causes—7083, 7084.....	4
2. Kaseno Products Co. held to infringe “Caustic Soda” and “Carbon Bisulphide” patents	8
3. Kaseno Products Co. abandoned its appeal.....	8
4. Appellants stipulate they are manufactur- ing glue base for Kaseno Products Co.....	9
5. Soya bean flour used as glue base in the manufacture of caustic soda and carbon bisulphide glues	9
6. Appellants admit chief use soya bean flour for glue	10
7. Appellants commence manufacturing glue base on large scale.....	10
8. Appellants warned against infringement of “Caustic Soda” and “Carbon Bisul- phide” patents	10
9. Appellants extend sales nation-wide.....	10
10. Appellants’ largest single customer Ka- seno Products Co.....	11
11. Appellants solicit Arabol Manufacturing Co.....	11
12. Appellants admit adhesive base special product	11-12
13. Soya bean flour, i. e., Lilly’s adhesive base, distinguished from soya bean meal.....	11
14. Appellee’s first use of “caustic soda as such” in 1923.....	13

15. "Caustic soda as such" is a chemical applied direct at the veneer plant.....	13
16. Caustic soda comes into general use for all soya bean glues in 1926.....	14
17. Carbon bisulphide with soya bean flour glue base, together with aqueous alkaline medium, produces high grade water resistance	14
18. Disclaimer filed	14
19. No commercial glue ever made from chemically isolated or extracted soya bean.....	15
20. Kaseno Products Co. never made glue with a chemically isolated soya bean glue base	16
21. Kaseno Products Co. commences using carbon bisulphide March 1, 1928.....	17
22. Kaseno Products Co. purchases all soya bean glue base from appellants with the exception of one purchase.....	17
23. "Appellant Lilly Co." and "Appellant Lilly" found to have contributorily infringed claims 2, 4, 6 and 8 of "Caustic Soda" patent	17
24. "Appellant Lilly Co." and "Appellant Lilly" found to have contributorily infringed claims 13 and 14 of "Carbon Bisulphide" patent	17
II. ARGUMENT.....	17 to 34
1. Appellants' arguments and authorities practically same in both briefs (7083 and 7084)	17-18

2. What constitutes soya bean glues manufactured under the "Caustic Soda" and Carbon Bisulphide" patents?.....	18
3. Exhibit 127 (chart).....	19
4. Exhibit 128 (chart).....	20
5. Did Kaseno Products Co. manufacture and sell soya bean glues using caustic soda and carbon bisulphide?.....	21
6. What kind of glue was appellee using during this period of time?.....	22
7. Was there any different type of glue sold by the Kaseno Products Co. or by appellee during this period of time?.....	23
8. In what way did appellants aid and abet, or contribute to the infringement of the Kaseno Products Co. during this period of time?	25
9. Did appellants know that the soya bean adhesive base which they were selling to the Kaseno Products Co. was by the Kaseno Products Co. to be used as an adhesive base? And did appellants intend that such use should be made of the adhesive base so sold by them to Kaseno Products Co.?	25
10. What knowledge did appellants have as to the infringing acts of Kaseno Products Co. and the existence of the "Caustic Soda" and "Carbon Bisulphide" patents prior to this suit, viz., February 14, 1929?.....	26
11. Was the soya bean flour manufactured by appellants from 1926-27 to the date of	

trial an ordinary or standard article of commerce?	31
12. How do appellants seek to escape the re- sult of their unlawful acts?	33
III. AUTHORITIES.....	34 to 57
1. Contributory infringement defined.....	34 to 38
2. Effect of appellants' stipulation to furnish adhesive base for infringer Kaseno Prod- ucts Co.	39
3. "Most conspicuous" use is determinative proof of infringer's intent	40 to 43
4. "Alleged innocent infringer" held for legal consequences of what he did	43 to 45
5. Duty of one selling element of patented combination	47
6. Intent determined by advertising for spe- cific use	47-48
7. Intent to infringe determined by continu- ing marketing after notice.....	48-49
8. Appellants are estopped to raise defense of other non-infringing uses because of their initial tortious act.....	50 to 57
IV. REBUTTAL	57-104
Point I	
(Following headings not separately set out in text.)	
A. Appellee's definition of contributory in- fringement shown incorrect.....	57-59

B. Actual knowledge of contributory infringer non-essential—but may be presumed.....	59-61
C. Intent of contributory infringer as respects sale of element of patented combination— appellants' cases shown not applicable.....	61-63
D. Appellants' infringing soya bean flour not ordinary article of commerce.....	63-84
E. Cases on innocent use not applicable under facts	84-88
F. Appellants' soya bean flour ground to glue specifications not standard article of com- merce prior to patent in suit.....	88-90
G. Soya bean flour shown not used in making non-infringing adhesives	90-99
a. No sufficient assignment of error to sup- port appellants' argument.....	90-92
b. This sub-head deals wholly with ques- tion of fact. No special finding submit- ted by appellants.....	90-92
c. Whole sub-head should be stricken.....	90-92
d. No non-infringing use shown.....	92-99
H. Knowledge and intent of appellants to in- fringe shown	99-104
V. ARABOL LETTERS ADMISSIBLE.....	104-105
VI. REBUTTAL	105-127
Point II (as respects liability of appellants).....	105-113
Point III (as respects costs after disclaimer)....	113-127
(Following headings not separately set out in text.)	
A. Assignment of error not sufficient.....	113-114

B. No evidence to support said assignment....	114-121
C. Disclaimer not of type affecting costs.....	122-127
a. No claims of patent disclaimed.....	122
b. Disclaimer not necessary to save patent	122
VII. SUMMARY	127-135

TABLE OF CASES

Belknap v. Schild, 161 U. S. 10; 16 Sup. Ct. 443.....	106
Best on Evidence, 344.....	45
Canada v. Michigan Malleable Iron Co., 124 Fed. 486 (C.C.A. 6).....	75
Claude Neon Electric Products Co. v. Brilliant Tube Sign Co., et al., 48 Fed. (2d) 176; (C.C.A. 9th)..	110
Cramer v. Fry, 68 Fed. 201, D. C. Cal.....	109
Dental Co. of America v. S. S. White Dental Mfg. Co., 266 Fed. 524 (C.C.A. 3).....	76
Draper et al. v. Wattles, 81 Fed. 374 (C.C.).....	124
Ersted v. Willamette Iron & Steel Works, 28 Fed. (2d) 960 (C.C.A. 9).....	48, 75, 130
Feil v. American Serum Co., 16 Fed. (2d) 88, (C.C.A. 8)	52
Graham v. Earl, 92 Fed. 155 (C.C.A. 9).....	108
1 Greenl. Ev. (7 Ed.) Sec. 18.....	45
Henry v. A. B. Dick Co., 224 U. S. 1; 56 L. Ed. 645..	41, 130
Hitchcock v. American Plate Glass Co., 259 Fed. 948	106
J. O'Neal Sandel v. State of South Carolina, 104 S. E. 567; 13 A. L. R. 1268.....	55

Kalem Co. v. Harper Bros., 222 U. S. 55; 56 L. Ed. 92	40
Kentucky Heating Company v. Jessie Hood, 118 S. W. 337; 22 L. R. A. (N.S.) 588.....	55
Lamont v. Hershey, 140 Fed. 763.....	46
Leeds & Catlin Co. v. Victor Talking Machine Co., 213 U. S. 301; 29 S. Ct. 495; 53 L. Ed. 805.....	62, 69
Motion Picture Patents Co. v. Universal Film Co., 243 U. S. 502; 61 L. Ed. 871.....	41
Mueller Co. v. A. Zeregas Sons, 12 Fed. (2d) 517 (C.C.A. 2)	43
Munger v. Perlman Rim Corp., 244 Fed. 799, affirmed 275 Fed. 21.....	49
Munsey v. Wesley Webb, 231 U. S. 150; 58 L. Ed. 162	56
National Cash-Register Co. v. Leland, 94 Fed. 502, (C.C.A. 1)	106
National Electric S. Co. v. De Forest Wireless Tel. Co., 140 Fed. 449.....	122
New Eng. Awl & Needle Co. v. Marlboro Co., 168 Mass. 154	46
New York Scaffolding Co. v. Whitney, 224 Fed. 452 (C.C.A. 8) (Cer. Den. 60 L. Ed. 482).....	47
Novadel Process Corporation v. J. P. Meyer & Co., 35 Fed. (2d) 697 (C.C.A. 2).....	39, 130
Orr-Ewing v. Johnson, 13 Ch. D. 434.....	46, 52, 130
Queen Mfg. Co. v. Isaac Ginsberg & Bros., Inc., 25 Fed. (2d) 284.....	53
Rules 11 and 24, C.C.A.....	92, 113

Rumford Chemical Works v. Hygienic Chemical Co. of N. J. (D.C.), 148 Fed. 863 (C.C.A. 3rd); 154 Fed. 65; 215 U. S. 156; 54 L. Ed. 137.....	70
Rumford Chem. Wks. v. Hygienic Chem. Co. of N. Y., 159 Fed. 436 (C.C.A. 2); 54 L. Ed. 137....	70
Sandusky Foundry & Machine Co. v. De Lavaud (C.C.A. 6), 274 Fed. 607.....	40
Schurmann v. United States, 264 Fed. 917 (C.C.A. 9)	52
Sharp v. Tift, 2 Fed. 697 (C.C.).....	123
Solva Waterproof Glue Co. v. Perkins Glue Co., 251 Fed. 64	97
Sovereign Camp of the Woodmen of the World v. Jackson, 97 Fed. 382 (C.C.A. 8th, 1899).....	91
Stetson Hospital v. Snook-Roentgen Mfg. Co. (C.C.A.), 245 Fed. 654.....	122
Sutherland on Damages, Vol. 1, Sec. 16.....	55
Thomson-Houston Elec. Co. v. Ohio Brass Co., 80 Fed. 712	34, 62, 64, 66
Walker on Patents	132
Wallace v. Holmes, et al., 29 Fed. Case 79.....	36, 66
Westinghouse Elec. & Mfg. Co. v. Precise Mfg. Corp., (C.C.A. 2) 11 Fed. (2d) 209.....	47
Whitney v. New York Scaffolding Co., 243 Fed. 180 (C.C.A. 8)	47, 51, 87
Wilson v. Union Tool Co., 265 Fed. 669 (C.C.A. 9)	37, 57
Young Radiator Co. v. Modine Mfg. Co., 55 Fed. (2d) 545 (C.C.A. 7).....	44

APPELLANTS' CASES COMMENTED UPON

American Machinery Co. v. Everedy Machinery Co., 35 Fed. (2d) 526.....	105
Brodix's Am. & Eng. Patent Cases, Vol. 6, p. 392.....	126
Bullock Elec. & Mfg. Co. v. Westinghouse Elec. & Mfg. Co. (C.C.A. 6), 129 Fed. 105.....	59
Cary Mfg. Co. v. Standard Metal Strap Co., 113 Fed. 429 (D.C.).....	79
Cortelyou v. Chas. E. Johnson & Co., 145 Fed. 933 (C.C.A.)	82
D'Arcy Spring Co. v. Marshall Ventilated Mattress Co., 259 Fed. 236.....	107
Edison Electric Light Co. v. Peninsular Light, Power & Heat Co., 95 Fed. 669.....	72, 76
General Electric Co. v. Sutter, 186 Fed. 637.....	85
Hailes v. Albany Stove Co., 123 U. S. 582; 31 L. Ed. 284	126
Handel Co. v. Jefferson Glass Co., 265 Fed. 286.....	83
Henry v. A. B. Dick Co., 224 U. S. 1; 56 L. Ed. 645..41,	130
Individual Drinking Cup Co. v. Errett (C.C.A. 2), 297 Fed. 733.....	59
Keystone Bridge Co. v. Phoenix Iron Co., 95 U. S. 274; 24 L. Ed. 344.....	71
Lane v. Park, 49 Fed. 454.....	71
Leeds & Catlin Co. v. Victor Talking Machine Co., 213 U. S. 301; 29 S. Ct. 495; 53 L. Ed. 805.....	62, 69
O'Reilly, et al., v. Morse, et al., 56 U. S. (15 How.) 62; 14 L. Ed. 601.....	125

Robbins v. Aurora Watch Co., 43 Fed. 521 (D.C.)..	80
Rumford Chem. Works v. Hygienic Chemical Co. of N. J. (D.C.), 148 Fed. 863 (C.C.A. 3rd); 154 Fed. 65 (S.C.); 54 L. Ed. 137.....	70
Rupp & Wittgenfeld Co. v. Elliott (C.C.A. 6th), 131 Fed. 730	77
Saxe v. Hammond, 1 Ban. & A. 629; 21 Fed. Cas. No. 12, 411.....	61
Sessions v. Romadka, 145 U. S. 29; 12 S. Ct. 799; 36 L. Ed. 609.....	126
Silsby v. Foote, 61 U. S. (20 How.) 378; 15 L. Ed. 953	126
Standard Computing Scale Co. v. Computing Scale Co., 126 Fed. 639 (C.C.A.).....	80
Thomson-Houston Electric Co. v. Ohio Brass Co., 80 Fed. 712.....	34, 62, 64, 66
Whitney v. New York Scaffolding Co., 243 Fed. 180	47, 51, 87
Wilson v. Union Tool Co. (C.C.A. 9th), 265 Fed. 669	37, 57
Winne v. Bedell, 40 Fed. 463.....	62
48 Corpus Juris, 360.....	84

STATUTES COMMENTED UPON

Rev. Statutes, Sec. 4922.....	122
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STATEMENT OF THE CASE

In order not to create confusion, we will adopt in this brief the same reference characters as those adopted by the appellants. In other words, the letter "R," wherever used in this brief, means the printed "Transcript of the Record," filed herein February 13, 1933. Italics, wherever used, are our own unless otherwise stated. For convenience of expression we refer in this brief to I. F. Laucks, Inc., the plaintiff below, as "Appellee"; to The Chas. H. Lilly Co., one of the defendants below, as "Appellant Lilly Co.," and to Wilmot H. Lilly, one of the defendants below, as "Appellant Lilly."

For the reason that we cannot accept the statement of fact as prepared by counsel for appellants, we have deemed it necessary to restate the facts.

On the 27th day of March, 1928, I. F. Laucks, Inc., instituted an action in the United States District Court for the Western District of Washington, Northern Division, against Kaseno Products Co., a corporation, George F. Linquist, The Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, defendants, being Equity Cause No. 621. The bill of complaint was for an injunction and accounting of profits and damages for infringement of Reissue Patent No. 16,422, granted to Otis Johnson and assigned to I. F. Laucks, Inc., in this record known as the "Johnson" patent. Said Re-issue was granted September 14, 1926,

original application having been filed August 14, 1922, and original patent granted July 3, 1923, the application for said Re-issue having been filed June 5, 1924.

On the 14th day of February, 1929, in the same court, being Equity Cause No. 659 (R 2), I. F. Laucks, Inc., a corporation, appellee herein, instituted an action against Kaseno Products Co., a corporation, George F. Linqvist, The Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, wherein the bill of complaint was for injunction and accounting of profits and damages for infringement of (1) Patent No. 1,689,732, known in this record as the "caustic soda" patent; (2) Patent No. 1,691,661, known in this record as the "carbon bisulphide" patent.

These two cases, therefore, involve three patents. The two cases were by the lower court consolidated for the purpose of trial and were both tried at one time. The trial of these cases consumed 64 trial days of the lower court and the record of the proceedings had at the trial consumed more than 6,000 pages of typewritten matter.

Kaseno Products Co. and George F. Linqvist are manufacturers of glue and were found by the Trial Court to be direct infringers. They are not parties to this appeal. The defendants The Chas. H. Lilly Co. and Wilmot H. Lilly are engaged in the milling business, and as such have been found by the Trial Court to have ground soya bean flour to

glue specifications with the intent and purpose that the same should be used as a glue base in the infringing product made and sold by the Kaseno Products Co.

The lower court rendered its memorandum decision (R 111) as a decision in both cases. Appeals were perfected to this court from the decision of the lower court, both in Equity Cause No. 621 and Equity Cause No. 659, and come on now for hearing in this court as separate causes of action, Equity Cause No. 621 bearing the number in this court 7083 and Equity Cause No. 659 bearing the number in this court 7084.

Equity Cause No. 7083 in this court involves the appeal from the "Johnson" patent. The "Johnson" patent covers broadly the use of soya bean flour as an adhesive base. The "Johnson" patent may be termed the "parent" patent, relating essentially to the glue base, while the "Caustic Soda" and "Carbon Bisulphide" patents, which relate to improvements in chemicals to be used in connection with the glue base, may be termed "improvement" or "additional" patents, and are subsidiary to the "Johnson" patent so far as the same relate to soya bean flour as a glue base. The "Caustic Soda" patent teaches, among other things, how to make a "better glue" using soya bean flour as a glue base. The "Carbon Bisulphide" patent teaches that an adhesive can be made water resistant with the use of carbon bisulphide. Claims 13 and 14, which were

held valid and infringed, by the lower court, teach that added water resistance to soya bean glues may be accomplished by the use of carbon bisulphide. We respectfully suggest that the briefs in Equity Cause No. 7083 be read first in order that this brief, relating to the "Caustic Soda" and "Carbon Bisulphide" patents, may be more intelligible. In order to avoid unnecessary repetition, much of the statement of fact contained in the brief in Equity Cause No. 7083 will be omitted from this statement of fact and likewise a considerable portion of the argument will be omitted. Otherwise this court will be called upon to unnecessarily use its time in reading a statement of fact and argument which would be an entire duplication of the statement of fact and argument contained in Equity Cause No. 7083.

From this point on this statement of fact will deal only with Equity Cause No. 7084.

To the bill of complaint in the lower court appellants George F. Linquist and Kaseno Products Co. filed joint answers. Appellants Lilly Co. and Wilmot H. Lilly filed a separate answer. Except for the identity of parties, these answers are almost identical. "Appellant Lilly Co." and "Appellant Lilly" raised the following defenses: invalidity of patent, lack of invention, as well as anticipation of patent. In their answer some twenty or more publications were cited, as well as 62 patents, including domestic and foreign (R 20-44). The answer of Kaseno Products Co.

and George F. Linquist appears in this record at pages 44 to 67 inclusive.

United States Letters Patent No. 1,689,732, granted October 30, 1928, to Irving F. Laucks and Glenn Davidson, for "Vegetable Glue and Method of Making Same" (Ex. 14, R 68), and by Irving F. Laucks and Glenn Davidson assigned to I. F. Laucks, Inc., appellee herein, contained ten claims. Claims 9 and 10 were not in suit. Of the remaining claims, 2, 4, 6 and 8 were held valid and infringed, the Trial Court stating (R 132):

"* * * The court will not undertake to determine the validity or scope of any of the odd numbered claims for the same reason as that stated concerning claims 1, 2, 4 and 6 of the Johnson patent." (Statement referred to is R 131.)

The claims held valid and infringed are as follows:

- "2. A vegetable glue composition, comprising the reaction products of soya bean flour and an alkali metal hydroxide as such in an aqueous medium."
- "4. A vegetable glue composition, comprising the reaction products of soya bean flour, an alkali metal hydroxide as such in an aqueous medium, and calcium hydrate."
- "6. A vegetable glue composition, comprising the reaction products of soya bean flour, caustic soda as such, calcium hydrate, and an alkali metal silicate, the proportions of the soya bean flour, the caustic soda and the calcium hydrate being about 30 parts of the soya bean flour, about $2-4\frac{1}{2}$ parts of caustic soda in aqueous solution, and about 3-6 parts of calcium hydrate."

“8. The process of making a vegetable glue, which comprises treating soya bean flour with caustic soda as such in an aqueous medium, the proportions of such flour and the caustic soda being about 30 parts of the flour and about 2-4½ parts of caustic soda in aqueous solution.”

United States Letters Patent No. 1,691,661, granted November 13, 1928, to Irving F. Laucks and Glenn Davidson, for “Vegetable Glue and Method of Making Same” (Ex. 24; R 79), and by Irving F. Laucks and Glenn Davidson assigned to I. F. Laucks, Inc., appellee herein, contained forty claims, of which claims 13 and 14 are held valid and infringed, the Trial Court stating (R 140):

“* * * The only ones that claim specifically a glue base of soya bean flour are claims 13 and 14. In the other claims the glue base is described as ‘vegetable protein matter,’ ‘soya bean protein matter,’ ‘vegetable protein—containing adhesive’ or ‘soya bean protein—containing adhesive.’ For the same reasons a ruling was not made concerning the validity and scope of claims 1, 2, 4 and 6 of the Johnson patent, a determination of the validity of claims other than 13 and 14 will not herein be attempted.”

The claims held valid and infringed are as follows:

- “13. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide as a water-proofing agent.”
- “14. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide, the carbon bisulphide and the soya bean flour being in the pro-

portions of about five parts and about thirty parts respectively.”

Concerning the issues raised on this appeal, we quote from pages 6 and 17 of appellants’ brief:

“One of the principal questions presented on this appeal is whether or not Appellants were guilty of contributory infringement of these claims by reason of having supplied soya bean flour to Kaseno Products Co., a codefendant, which manufactured, among other things, soya bean glue. The other principal question is whether or not Appellants were guilty of contributory infringement of the Carbon Bisulphide Patent, hereinafter mentioned, for having sold soya bean flour to Kaseno Products Co. as aforesaid.”

“This appeal does not involve the question of the validity of any claims upheld by the Trial Court, nor does it involve the question of infringement of those claims by the defendants, Kaseno Products Co. and George F. Linqvist.”

Out of the entire record in the lower court of over 6,000 typewritten pages, the record on this appeal has by the appellants been condensed into 75 pages of printed matter, commencing with page 192 of the record and ending on page 267 thereof.

Kaseno Products Co., a corporation, and George F. Linqvist, codefendants of the appellants, were found to have infringed claims 2, 4, 6 and 8 of the “Caustic Soda” patent (R 140) and claims 13 and 14 of the “Carbon Bisulphide” patent (R 149). Kaseno Products Co. and George F. Linqvist have abandoned their appeal (R 185).

In the infringing acts of Kaseno Products Co. soya bean flour was used as its glue base in the manufacture and sale by it of its adhesives which infringed claims 2, 4, 6 and 8 of the "Caustic Soda" Patent and claims 13 and 14 of the "Carbon Bisulphide" Patent (Ex. 10, R 101). From 1924 to 1929 the glue base used by the Kaseno Products Co. contained at least 52 per cent. of soya bean flour and sometimes as high as 96 per cent. (R 215-216). With the exception of one occasion of buying soya bean flour from Fisher Flouring Mill, all of the soya bean flour used by Kaseno Products Co. in the manufacture of its glue from 1924 to 1929 was purchased from The Chas. H. Lilly Co. (R 216). The Chas. H. Lilly Co. knew that the flour it was selling Kaseno Products Co. from 1927 to 1930, even up to the date of trial in 1931, was sold by The Chas. H. Lilly Co. to Kaseno Products Co. with knowledge that such soya bean flour was by Kaseno Products Co. being used for glue making purposes (R 216).

On the 25th day of November, 1929, The Chas. H. Lilly Co. entered into a stipulation (Ex. 11, R 103) that on or before March 27, 1928, it did sell and deliver and is now selling and delivering to Kaseno Products Co., its co-defendant herein, soya bean cake ground to glue specifications, that is, 80 mesh or finer, for use in the manufacture of adhesives or glues of said company.

On November 16, 1928, I. F. Laucks, Inc., notified "Appellant Lilly Co.", by letter, of the issuance of the "Caustic Soda" and the "Carbon Bisulphide" patents, and warned it against infringement (Ex. 34, R 108, 193).

Since 1927 up to date of trial "Appellant Lilly Co." manufactured approximately 150 tons of soya bean flour per month (R 227-228). Most of this went into glue plants, that is, glue manufacturing concerns (R 232); that "Appellant Lilly Co." and "Appellant Lilly" sold soya bean flour as an adhesive base for glue making purposes not only to the Kaseno Products Co. but to other glue manufacturers as well, namely, Perkins Glue Company of Pennsylvania, Hercules Glue Company and the Henning Manufacturing Company of Saginaw, Mich., and to manufacturers of furniture as well (R 232), and directly solicited manufacturers of adhesives to use the soya bean flour manufactured by "Appellant Lilly Co." as an adhesive base for glue making purposes (R 231).

In 1928 "Appellant Lilly Co." heard that the veneer plants were going to make their own glue and being desirous of selling the soya bean flour for that purpose, sent samples of its soya bean flour adhesive base to all of the veneer plants (R 231).

From 1927 up to the time of trial "Appellant Lilly Co." had no other larger single customer for soya bean

flour of "100 mesh or better" than Kaseno Products Co. (R 231). In 1928 six months after the commencement of the case at bar, "Appellant Lilly Co." wrote two letters to the Arabol Manufacturing Co. of New York City; the first, dated October 17, 1928 (Ex. 59, R 104), stated that "Appellant Lilly Co." is a manufacturer of soya bean flour which is being used extensively on this coast as a base in *waterproof* glue. That this glue had almost entirely replaced casein glue in the manufacture of plywood or veneer; that the mills in this territory, while previously using almost entirely casein, have now almost entirely switched to soya bean glue, which gives them a better adhesive at a far lower cost. It then seeks to interest the Arabol Manufacturing Co., who, it asserts, is the largest manufacturer of adhesives in the world, in the use of soya bean flour as an adhesive base. The letter further calls the Arabol Manufacturing Co.'s attention to the fact that "Appellant Lilly Co.'s" soya bean flour *is true soya bean flour* and not to be confused with various grades of *fine soya bean meal* that is sometimes offered. It recites that "Appellant Lilly Co.'s" flour is *pecially processed for glue making purposes*; that it has already sold large quantities to glue manufacturers, both on this coast, in Grand Rapids, Mich., and on the east coast, and everywhere its soya bean flour has met with approval, both as to *quality and uniformity*, and that if the Arabol Manufacturing Co. is not now using soya bean flour

for a glue base, it would certainly be to its interest to investigate its use, and that "Appellant Lilly Co." will be glad to furnish samples and information upon the subject.

Again on November 1, 1928 (Ex. 60, R 106), "Appellant Lilly Co." is sending forward a 25-lb. bag of soya bean flour as a sample to be used as an adhesive base. It then discusses the *proper mesh* to be used for producing the best product for a glue base, again reciting that the product is *comparatively new* but considering the *short length* of time it has been used, it has gained the approval of glue manufacturers in this locality and that I. F. Laucks, Inc. of Seattle handled hundreds of tons of this soya bean flour each month and is using it for glue and for wall texture. That several glue manufacturers on the Pacific Coast, as well as on the east coast, are buying this soya bean flour in carload lots; one of the glue manufacturers who turns out nothing but glue is now using four or five cars monthly. That "Appellant Lilly Co." sees great possibility for the use of soya bean flour in the Arabol Manufacturing Company's territory and that "Appellant Lilly Co." is pleased that Arabol Manufacturing Co. is taking an interest in soya bean flour used as a base for manufacturing glue. It ends its letter by saying that it trusts it may be of further service to the Arabol Manufacturing Co. Appellants have written letters to everybody that they thought would be interested in their soya bean flour.

“Appellant Lilly” testified that at no time had “Appellant Lilly Co.” ever mixed any chemicals with its soya bean flour which was to be used as a glue base, nor had it ever suggested to any one the use of chemicals. That it merely sold it for the purpose of making glue without suggestion as to how the glue should be made or as to the use of any chemicals, and that “Appellant Lilly Co.” did not know what chemicals Kaseno Products Co. were using (R 227-228).

The record further discloses that the appellee first commenced the use of caustic soda as such with its soya bean glues in 1923 (R 200). By the term “caustic soda as such” is meant the use of the chemical, caustic soda, mixed with water and applied direct to the dry glue base in the glue pot at the veneer plant where the glue is to be used. The teaching of the “Caustic Soda” patent (Ex. 14, R 71-72) is:

“When the usual chemicals employed in making casein glue, viz., lime and sodium silicate, are added to a vegetable protein-containing material, for example, soya bean flour, a glue results, but it is not as good as casein glue. It is not as highly water resistant nor as workable. We find, however, by the use of caustic soda with such vegetable protein-containing matter, a much better glue is obtained, such caustic soda apparently playing the part of dispersing the colloidal material. The resultant glue is then somewhat similar in its working properties to casein glue, although its water resistance is still slightly less.

“In practice, there is a great difference between vegetable protein-containing glues made up by treat-

ment with caustic soda as such and glues made by treatment with lime and sodium salts which by interaction may produce caustic soda.”

For a time the appellee discontinued the use of caustic soda as such in *some* of its glue formulae. During the year 1926 it again reintroduced commercially the use of caustic soda as such in *all* of its glue formulae. Prior to 1926 the Kaseno Products Co. was not using caustic soda to appellants' knowledge. In April, 1926, the appellee introduced commercially the use of carbon bisulphide in the veneer plants with the soya bean glues manufactured and sold by the appellee. The teaching of the “Carbon Bisulphide” patent is that the use of carbon bisulphide with a soya bean flour, together with an aqueous alkaline medium, produces a high grade, water-resistant glue (R 140, 245), the carbon bisulphide acting as a waterproofing agent.

At the trial of the case the defendants in the lower court attempted to introduce evidence to the effect that the “Caustic Soda” patent taught the use of chemically isolated protein as a glue base. Upon presentation of such evidence the appellee promptly disclaimed any interpretation or construction of the specification or claims of the “Caustic Soda” patent which would bring within the scope or import of said specification or claims, chemically isolated or chemically extracted protein (Ex. 77, R 98-100). Notice of the Disclaimer was given in the early days of the

trial, the actual Disclaimer being dated May 15, 1930, recorded in the Patent Office May 23, 1930, admitted in evidence on June 2, 1930 (R 207). The trial commenced on April 25, 1930. The "Caustic Soda" patent issued October 30, 1928 (Ex. 14, R 67-68).

Glue or adhesives had never been commercially made from chemically isolated or extracted protein of soya bean. Up to the time of trial there was no record extant of any commercial glue or commercial adhesive used in the veneer industry or capable of use in the veneer industry, from isolated protein of soya bean or any other seed residue flour (R 245-251-255). Up to the time of trial isolated protein of soya bean, chemically or otherwise, as an article of commerce was unknown (R 245). Isolated proteins of soya bean are very difficult to obtain (R 249-251). Isolated proteins of soya bean contain within themselves inherent qualities that preclude them from the possibility of making a commercially useful adhesive base, especially when applied as an adhesive base in the veneer industry (R 243-244-254-255). An experimental laboratory adhesive can be made from chemically isolated protein of soya bean and has so been made in laboratory experiments. Such experiments were introduced in evidence at the trial of this cause (Exs. 85-86) (R 240-241-243; 255-260). These tests were introduced in evidence for the purpose of determining the effect of carbon bisulphide upon the colloidal contents

of soya bean flour and to show the utter impracticability and unfitness of isolated protein of soya bean as a glue base.

Kaseno Products Co. never made a glue using chemically isolated protein as a glue base; neither did Kaseno Products Co. ever sell such glue (R 211--212-213-214). It is true that Linquist testified (R 210-211-215) that he did use in one of his glue formulae a substance which he believed to be an isolated vegetable protein of soya bean. That this particular glue was manufactured between August, 1927, and November, 1927, and that in 100 lbs. of dry adhesive base there were contained approximately $6\frac{1}{2}$ lbs. to 10 lbs. of a substance which he, Linquist, believed was an isolated vegetable protein of soya bean. He called it "vegetable casein." That never more than one carload of said glue was made and its use was quickly discontinued (R 213). That he never had the substance analyzed, that he was not a chemist, but believed he had 6 lbs. of such isolated protein in 100 lbs. of dry adhesive base. The glue base consisted of 65 lbs. soya bean flour, 18 lbs. lime, 10 lbs. vegetable casein (R 212-213).

Linquist further testified (R 215):

"The first use of caustic soda as such was in March, 1927. After March, 1927, and up to February, 1928, caustic soda as such was used in certain of our soya bean glue formulas. Since February, 1928, and up to the time of the giving of the testimony of the witness

in May, 1931, the Kaseno Products Company used caustic soda as such with lime rather constantly in its soya bean glues. In one certain formula the percentage of soya bean flour in the glue base was as high as ninety-six per cent."

The use of carbon bisulphide by the Kaseno Products Co. commenced March 1, 1928 (R 215):

"After March, 1928, we used carbon bisulphide with our glues."

Kaseno Products Co. started to sell its full seed residue glues in the latter part of 1924 or the early part of 1925. It bought all of its soya bean flour from The Chas. H. Lilly Co. with the exception of one purchase from the Fisher Flouring Mill (R 216).

The Trial Court found that Kaseno Products Co. in its manufacture of glue had infringed claims 2, 4, 6 and 8 of the "Caustic Soda" patent, and claims 13 and 14 of the "Carbon Bisulphide" patent, and that "Appellant Lilly Co." and "Appellant Lilly" did contribute to such infringement by furnishing the soya bean flour from which the infringing glues were made, with full knowledge and intent that such flour was by it furnished to the Kaseno Products Co. for such use (R 157-159).

ARGUMENT

Appellants' argument and authorities under Points I (p. 32), II (p. 72), and III (p. 80) of the brief in this case,

are practically identical with respect to the corresponding points in the brief filed in Equity Cause No. 7083, with the exception of Subdivision "G" which in this brief is different.

What Constitutes Soya Bean Glues Manufactured Under the "Caustic Soda" and "Carbon Bisulphide" Patents?

The "Johnson" patent broadly covers the use of soya bean flour as an adhesive base. Claims 3 and 7 point out how soya bean flour can be used with the chemicals, sodium fluoride and lime or their equivalents, and water added, to make a glue. The "Caustic Soda" patent teaches that caustic soda as such may be added to such a glue. Claim 4, a typical claim, reads:

"A vegetable glue composition, comprising the reaction products of soya bean flour, an alkali metal hydroxide as such in an aqueous medium, and calcium hydrate."

Therefore, glue made under claims 3 and 7 of the "Johnson" patent, plus caustic soda as such added at the veneer plant, would constitute a glue made under the claims and teachings of the "Caustic Soda" patent. To this same glue carbon bisulphide may be added, under the teachings of claims 13 and 14 of the "Carbon Bisulphide" patent. You would then have the highest grade of soya bean flour glue manufactured and sold from the year 1926 up to and including the date of trial. This is illustrated by the chart

COMPARATIVE EXCELLENCE
OF GLUES IN
COMMERCIAL USE AS VENEER GLUES
AS OF 1922.

WATER RESISTANT
GOLD PROCESS
VENEER GLUE FIELD

FIELD

ADHESIVE

CASEIN
GLUE

659
ply Ex 127
600 5/17/31

COMPARATIVE EXCELLENCE
OF GLUES IN
COMMERCIAL USE AS VENEER GLUES
AS OF 1930.

WATER RESISTANT
COLD PROCESS
VENEER GLUE FIELD

F I E L D

A D H E S I V E

1

2

3

4

5

LIME-SILICATE
WITH VEGETABLE
SEED FLOURS.

JOHNSON
EXHIBIT 1

CAUSTIC
AS SUCH
WITH VEGETABLE
SEED FLOURS

CASEIN
GLUE

CAUSTIC
AS SUCH
+ CS₂
WITH VEGETABLE
SEED FLOURS.

639
REG EX 128
adm 6/2/31

(Ex. 128) where it shows the progressive advancement of the soya bean glues in the water resistant cold process veneer glue field. It must be understood that other chemicals may be added to these respective glues, but such other chemicals are not material for consideration at this time.

Did Kaseno Products Co. Manufacture and Sell Soya Bean Glues Using Caustic Soda and Carbon Bisulphide?

As was clearly pointed out in the argument in the "Johnson" case, every formula contained within the printed record and used by Kaseno Products Company for glue making purposes, infringed claims 3 and 7 of the "Johnson" patent by using soya bean flour as a glue base together with sodium fluoride and lime, or the equivalents of said chemicals. Linquist testifies that their first use of caustic soda with soya bean glues was in March, 1927, and up to February, 1928, caustic soda was used in certain of the Kaseno soya bean glue formulae. From February, 1928, up to and including the date of trial, May, 1931, the Kaseno Products Co. used caustic soda as such with lime rather constantly in its glues (R 215). Kaseno Products Co. first began the use of carbon bisulphide on July 9, 1927 (R 210). After March, 1928, it used carbon bisulphide directly or indirectly with its soya bean glues (R 215). In other words, column 5 of the Chart (Ex. 128), depicts the character of glue, namely, caustic soda as such, plus carbon

bisulphide, plus soya bean flour, which constituted the highest type of soya bean glue manufactured from 1926 to the date of the trial. It was this glue which drove casein out of the veneer industry and made possible the fact that whereas in 1923 there were no veneer plants using soya bean flour as a glue base, in 1928 all the veneer plants of the Pacific Northwest had ceased the use of casein and were using the caustic soda as such plus carbon bisulphide with soya bean flour base, as a glue. It was this glue which the Kaseno Products Co. sold to the veneer industry, according to Linquist's testimony, from the last of 1926 or the first of 1927, up to the date of the trial, and continued until the issuance of the injunction by the Trial Court on July 11, 1932 (R 215).

What Kind of Glue Was Appellee Using During This Period of Time?

As pointed out in the "Johnson" brief, the soya bean glue used by appellee from 1923 up to the time of suit was a soya bean glue covered by claims 3 and 7 of the "Johnson" patent, that is, a soya bean flour using sodium fluoride and lime or their chemical equivalents with or without added caustic soda as such, or with or without added carbon bisulphide. In other words, every ton of glue sold by the appellee during this period of time came within the claims found valid and infringed by the Trial Court in

the "Johnson" and/or "Caustic Soda" and/or "Carbon Bisulphide" patents, and the appellee sold no glue during this period of time which did not come within one or more of the said claims of the three respective patents. Other chemicals, not of importance herein, were used in various formulae.

Was There Any Different Type of Glue Sold by the Kaseno Products Co. or by Appellee During This Period of Time?

The record in this case does not disclose that there was any other or different type of glue sold by either the Kaseno Products Co. or the appellee during this period of time. Counsel for appellants in his brief has stated that Kaseno Products Co. manufactured and sold a glue using isolated protein as a base. This statement is not supported by the record (R 211-214). This was pointed out at length in the "Johnson" brief. The assertion of counsel is based upon a statement made by Linquist that he manufactured one car load of glue in which 6 to 10 lbs. of "vegetable casein" were used in his glue base. The glue consisted of soya bean meal, 65; tri-sodium phosphate, 6; sodium perborate, 1; sodium fluoride, 1; vegetable casein, 10, and lime 18 (R 212-213). Linquist himself testified that he did not know whether this "vegetable casein" was an isolated soya bean protein, that he was not a chemist and had never had it analyzed (R 213-214). The Court's attention is directed

to the fact that in this formula (being the only one in which vegetable casein was ever used, i. e. chemically isolated protein) soya bean flour is the glue base, being present to the extent of 65% whereas vegetable casein was only present 10%, and there was no other adhesive base used in this formula, the remaining parts being chemicals.

In connection with the use of this vegetable casein, Linquist testifies (R 211):

“We always built up the protein content of the glue base. We have built it up with vegetable casein, animal casein, and with blood.”

It will be noted that he says he built up the glue base. The glue base was soya bean flour. Thus it will be seen that Linquist's own testimony shows the falsity of the statement that Kaseno Products Co. ever used isolated vegetable protein as a glue base.

We therefore assert the fact to be, as shown by the evidence, the argument for which is set forth in detail in the “Johnson” case, that neither the Kaseno Products Company nor the appellee used any type of soya bean glue in which soya bean was not used as a glue base, from 1923 to the date of trial, and which glue base did not infringe, either jointly or severally, the claims of the “Johnson,” “Caustic Soda” and/or “Carbon Bisulphide” patents, which were by the Trial Court found to be valid. Other

than that there was no soya bean flour used for commercial glue making purposes, either by the appellee or Kaseno Products Co.

In What Way Did Appellants Aid and Abet, or Contribute to the Infringement of The Kaseno Products Co. During This Period of Time?

The "Appellant Lilly Co." furnished *all* of the soya bean flour, i. e., adhesive base, used by the Kaseno Products Co. from 1926 to the date of trial, save and except one purchase of flour made by the Kaseno Products Co. from the Fisher Flouring Mill (R 216), and in their stipulation (Ex. 11) they admit furnishing to Kaseno Products Co. the soya bean adhesive base for the manufacture of their glues.

Did Appellants Know That the Soya Bean Adhesive Base Which They Were Selling to The Kaseno Products Co. Was by The Kaseno Products Co. to Be Used As an Adhesive Base? And Did Appellants Intend That Such Use Should Be Made of the Adhesive Base So Sold by Them to Kaseno Products Co.?

In the Stipulation (Ex. 11, R 103) appellants state:

"* * * that Chas. H. Lilly Co., the above named defendant, on and before March 27, 1928, sold and delivered and is now selling and delivering to the Kaseno Products Co., a co-defendant herein, soya bean seed cake ground to glue specifications, that is eighty mesh or finer, *for use in the manufacture of the adhesives or glues of said company.*"

Linguist testifies that appellants knew the use to which the adhesive base sold by them to Kaseno Products Co. was being put, and they knew it up to the present date, being the date of trial (R 216). We therefore submit that appellants knew that the soya bean adhesive base which they were manufacturing, was by the Kaseno Products Co. being used in the manufacture of its glue, which glue so manufactured and sold was covered by the claims of the "Johnson" and/or "Caustic Soda" and/or "Carbon Bisulphide" patents which the court held valid.

What Knowledge Did Appellants Have As to the Infringing Acts of Kaseno Products Co. and the Existence of the "Caustic Soda" and "Carbon Bisulphide" Patents Prior to This Suit, viz., February 14, 1929?

1. On March 27, 1928, the "Johnson" suit was started (Equity Cause No. 7083 in this court). In that bill of complaint Kaseno Products Co. was charged with infringing the claims of the "Johnson" patent in the manufacture and sale by it of glues made from soya bean flour. Appellants were charged:

(a) As being contributory infringers;

(b) With knowingly furnishing the infringing glue base, intending the same to be used in an infringing manner;

(c) With acting in concert with Kaseno Products Co. to infringe;

(d) With conspiracy with the Kaseno Products Co. to infringe;

(e) With conduct inducing others to infringe;

(f) With a determination to continue their infringing acts unless enjoined.

All of these matters are gone into in detail in the argument in the "Johnson" brief.

2. On April 19, 1928, twenty-three days after the commencement of the "Johnson" case, "Appellant Lilly" and Mr. Laucks, president of the "Appellee," had a conference in Mr. Laucks' office, at which conference Mr. Laucks offered to buy appellants' entire output of soya bean flour if "Appellant Lilly Co." would agree not to sell its soya bean flour, i.e. soya bean adhesive base, to any one other than appellee, and would in addition thereto drop the "Johnson" suit so far as "Appellant Lilly Co." and "Appellant Lilly" were concerned. This "Appellant Lilly" refused to do, stating that if it got the contract with Laucks for its then entire production, "Appellant Lilly Co." would put in additional machinery so that it could manufacture and sell its soya bean adhesive base to others. Under these conditions Laucks said that he would not purchase any of the

product manufactured by "Appellant Lilly Co." (R 229-230). The significance of this conversation is apparent. The appellants then stood charged under the "Johnson" patent with contributory infringement, and with acting in concert with the Kaseno Products Co. to infringe the "Johnson" patent. Kaseno Products Co. was then their largest single customer for their soya bean adhesive base. In spite of the offer by appellee to take their entire product and drop the litigation in the "Johnson" case against them, "Appellant Lilly" personally and acting as the president and general manager of "Appellant Lilly Co." refused to accept this offer. It does not stand to reason that appellants would have refused this offer if they did not at that time have some agreement of concert of action with the Kaseno Products Co. in relation to the infringing acts of the Kaseno Products Co. to which appellants by the sale of the adhesive base to Kaseno Products Co. were contributing. This matter is gone into at length in the brief in the "Johnson" case. It would seem unnecessary to say more here.

3. On November 16, 1928, appellee in writing (Ex. 34, R 108) notified "Appellant Lilly Co." that appellee was the owner of Patent No. 1,689,732, dated October 30, 1928, covering broadly the "Use of Caustic Soda with Vegetable Protein Flours for Adhesive Purposes." And further that appellee was the owner of Patent No. 1,691,661,

dated November 13, 1928, covering broadly the "Use of Carbon Bisulphide and like materials with Vegetable Protein Flours for Adhesive Purposes." This letter was written by appellee on advice of counsel as legal notice to appellants of the ownership and rights of appellee under said patents, and stated that appellee would resort to due process of law to enforce its rights against unlicensed manufacturers, sellers and users of glue embodying the inventions covered by the above identified patents, and against all contributory infringers. Appellants are here given full, ample and legal notice of the "Caustic Soda" and "Carbon Bisulphide" patents, and are warned as to their contributory infringing acts, and are told that they will be held to account therefor. Appellants knew that the Kaseno Products Co. was not licensed under the Laucks patents. Otherwise the "Johnson" suit would not have been brought. From this day on appellants knew that they would have to account for every pound of soya bean adhesive base as respects the patents here in suit that they sold to the Kaseno Products Co. for glue making purposes, unless the court would eventually hold that the "Caustic Soda" and "Carbon Bisulphide" patents were invalid, or that they, appellants, could otherwise legally escape the result of their contributory infringing acts. To this warning appellants gave no heed. They continued with their infringing acts, selling at the rate of 150 tons per month such soya bean adhesive

base. They were not content with selling to the Kaseno Products Co. alone, who during all this time was their largest customer, but they were selling to glue manufacturers throughout the length and breadth of the land (R 232). They were carrying on an active campaign of advertising and solicitation, as evidenced by the Arabol letters (Exs. 59, 60; R 104, 106).

“Appellant Lilly” testifies (R 228):

“We have written letters to everybody that we thought would be interested in it. My brother travels in the east, and has stopped at various places to inquire if there is any market for flour.”

And “Appellant Lilly” further testifies (R 231):

“I * * * had been advised that certain of the veneer plants were going to make their own glues, and * * * we were desirous of selling soya bean flour to them for that purpose. * * * we had sent samples to them.”

* * *

“I knew that the Kaseno Products Company was using this flour to manufacture glue.”

From the above record it is obvious that the appellants were using every resource at their command to extend the sale of their soya bean adhesive base. Further extended comment is made on the significance of these acts in the “Johnson” brief.

Was The Soya Bean Flour Manufactured by Appellants From 1926-27 to the Date of Trial an Ordinary or Standard Article of Commerce?

In our argument in the "Johnson" brief we have gone into this subject at length. We have reviewed all the acts and conduct of the appellants and have shown that all their knowledge, acts and conduct point to one logical and irresistible conclusion, and that is that appellants knew that prior to the advent of the use of soya bean flour as an adhesive base (brought about by the great expenditure of time and money on the part of the appellee acting under the three patents) it had not manufactured or sold soya bean flour, but on the other hand had manufactured and sold in a very limited extent, soya bean meal; that its real manufacture of soya bean flour commenced in 1926-27 (R 225); that the sales prior to that time were not great; that subsequent to that time they sold their soya bean adhesive base, i.e. soya bean flour at the rate of 150 or more tons per month, and "most of it" appellants knew went into the manufacture of adhesives. In the Arabol letters (October, November, 1928) appellants point out that their product, i.e. soya bean flour, i.e. soya bean adhesive base, is a new commodity, so new in fact is the commodity that they are undertaking to advise the largest adhesive manufacturer in the United States of the existence of this new commodity, and suggest to the Arabol Manufacturing Co. that it adopt

it as one of its glue bases. Appellants then go on to tell that the new commodity is specially milled and processed, of uniform quality, and not to be confused with coarser ground flour or meal sometimes offered on the market. The sending of samples of their adhesive base to the veneer plants, their open solicitation throughout the United States of glue manufacturers to use their soya bean adhesive base, and the clear distinction that appellants make between the new commodity and the soya bean meal that had theretofore been ground and offered for sale, all conclusively show that the product manufactured by the appellants and sold to Kaseno Products Co. was a special product, specially adapted for a special use, that is, the manufacture of soya bean glues, all of which as designated in the stipulation were ground to glue specifications (Ex. 11). They knew that the Kaseno Products Co. was making these glues, and they knew that appellee was the owner of not only the "Johnson" patent but the "Caustic Soda" and "Carbon Bisulphide" patents as well (R 108).

We respectfully submit that the foregoing summary of argument, the more complete detail of which is found in the brief on the "Johnson" patent, and not extended here out of respect to the time and patience of this Court, is a conclusive answer to the arguments of counsel for the appellants contained in Sub-heads "A," "B," "C," "D," "E," and "F" of Argument, Point I (Appellants' Brief, p. 32).

How Do Appellants Seek to Escape the Result of Their Unlawful Acts?

In spite of the record, as we have heretofore pointed out, appellants state (Appellants' Brief, p. 67-68):

“Neither Mr. Laucks nor anyone connected with Appellee ever notified Appellants that they claimed Kaseno Products Co. was infringing any patent held by Appellee (R 230). Appellants did not know that Appellee owned patents covering the manufacture of glue from soya bean flour (R 232).”

How can this Court place any credence upon such statements? This suit was started February 14, 1929. The “Johnson” suit was started March 27, 1928. Surely the commencement of that law suit, joining the appellants as joint *tort feasons*, ought to be some notice of the ownership of the patent. Surely the commencement of that law suit ought to have charged appellants with the knowledge that the Kaseno Products Co. was infringing patents held by the appellee. Surely the letter of November 16, 1928 (Ex. 34; R 108) gave notice to appellants that appellee was the owner of the “Caustic Soda” and “Carbon Bisulphide” patents, and that it would hold appellants legally responsible for their contributory infringing acts. In the face of this documentary record, how can appellants represent to this Court as they do in the quoted extract above referred to?

The authorities upon which the appellee relies herewith follow. Thereafter we will take up point by point the points and authorities raised and cited by appellants in their brief.

AUTHORITIES

As illustrating the general reasons for and the principles underlying the law of contributory infringement of patents, one of the leading decisions is that of *Thomson - Houston Electric Co. v. Ohio Brass Co.*, 80 Fed. 712, at 721, wherein Taft, then Circuit Judge, stated:

“One is legally presumed to intend the natural consequences of his act. Hence the defendant, in offering the switch and trolley for sale to the general public, may be reasonably held to intend that they should be used in combinations in an electric railway covered by the claims of complainant’s patents.

“It is well settled that where one makes and sells one element of a combination covered by a patent with the intention and for the purpose of bringing about its use in such a combination he is guilty of contributory infringement and is equally liable to the patentee with him who in fact organizes the complete combination. The leading case on the subject is Wallace v. Holmes, 9 Blatchf. 65, 29 Fed. Cas. 79. It was cited with approval in Tie Co. v. Simmons, 106 U. S. 89, 1 Sup. Ct. 52, and the same doctrine was applied and extended by this court in Heaton- Peninsular Button-Fastener Co. v. Eureka Specialty Co., 77 Fed. 288, to a case where the article sold was not even an element of the patented combination, but was an article the use of which in connection with the patented combination was a violation of the conditions of a license, and destroyed the protection the license would otherwise have afforded. The cases in

the circuit courts where the same general principle has been applied are legion. (Citing authorities) * * *An infringement of a patent is a tort analogous to trespass or trespass on the case. From the earliest times, all who take part in a trespass, either by actual participation therein or by aiding and abetting it, have been held to be jointly and severally liable for the injury inflicted. There must be some concert of action between him who does the injury and him who is charged with aiding and abetting, before the latter can be held liable. When that is present, however, the joint liability of both the principal and the accomplice has been invariably enforced. If this healthful rule is not to apply to trespass upon patent property, then, indeed, the protection which is promised by the constitution and laws of the United States to inventors is a poor sham. Many of the most valuable patents are combinations of nonpatentable elements, and the only effective mode of preventing infringement is by suits against those who, by furnishing the parts which distinguish the combination, make it possible for others to assemble and use the combination, and who, by advertisement of the sale of such parts and otherwise, intentionally solicit and promote such invasions of the patentee's rights.*

* * *

It is said that no concert of action by defendant with any one for the purpose of accomplishing an infringement of complainant's patent rights is shown. As already stated, it does appear that defendant is offering for sale articles that can only be used in combinations covered by complainant's claims. This is an effort to secure a concert of action by which the combinations of complainant's patents may be assembled. If successful, infringement will follow; hence the preliminary steps which are intentionally taken to bring about the injury may be enjoined.

“In considering the same point in *Wallace v. Holmes*, 29 Fed. Cas. 79, Judge Woodruff said:

‘Here the actual concert with the other is a certain inference from the nature of the case, and *the distinct efforts of the defendants to bring the burner in question into use*, which can only be by adding the chimney. *The defendants have not, perhaps, made an actual prearrangement with any particular person to supply the chimney to be added to the burner; but every sale they make is a proposal to the purchaser to do this, and his purchase is a consent with the defendants that he will do it, or cause it to be done.*’

Now, it is suggested that defendant had the right to sell parts to be used in complainant’s combinations to the licensees of complainant, and to those who, having once bought the articles of the combination from the complainant, it is said, have the implied right to repair and renew parts worn out with use. It being established that defendant is offering for sale articles, intending them to be used in combinations which, if unlicensed by complainant, would be infringements of complainant’s patents, we think that it is the *duty of the defendant to see to it that such combinations which it is intentionally inducing and promoting shall be confined to those which may be lawfully organized. We are unable to see why any different rule should be applied in such a case from that applicable to a case in which a defendant makes a patented machine to order.* He may make such a machine upon the order of the patentee or a licensee, but not otherwise. *Upon him is the peril of a mistake as to the lawful authority of him who gives the order. So, he may knowingly assist in assembling, repairing, and renewing a patented combination by furnishing some of the needed parts; but when he does so, he must ascertain, if he would escape liability for infringement, that the one buying and using them for this*

purpose has a license, express or implied, to do so. What we have said has application only to cases in which it affirmatively appears that the alleged infringer is offering the parts with the purpose that they shall be used in the patented combination. We have found that it does so appear here, and is a matter of certain inference from the circumstance that the parts sold can only be used in the combinations patented. Of course, such an inference could not be drawn had the articles, the sale or offering of which was the subject of complaint, been adapted to other uses than in the patented combination. In the latter case the intention to assist in infringement must be otherwise shown affirmatively, and cannot be inferred from the mere fact that the articles are in fact used in the patented combinations or may be so used."

The law of contributory infringement, as outlined in the above authority, has been adopted in this circuit in the case of *Wilson v. Union Tool Co.*, 265 Fed. 669, 672, C. C. A. 9, where the court, in answer to the contention of the defendant that it had the right to supply a part or parts of a patented combination, said:

"The rule of contributory infringement, however, does not uphold the contention. In *Thomson Houston v. Ohio Co.*, 80 Fed. 712, 26 C. C. A. 107, it was held by the Court of Appeals that it was settled that, where one makes and sells one element of a combination covered by a patent, with the intention and for the purpose of bringing about its use in such combination, he is guilty of contributory infringement, and is equally liable to the patentee with him who in fact organizes the complete combination. Judge Taft, for the court said:

'Many of the most valuable patents are combinations of non-patentable elements, and the only ef-

fective mode of preventing infringement is by suits against those who, by furnishing the parts which distinguish the combination, made it possible for others to assemble and use the combination, and who, by advertisement of the sale of such parts and otherwise, intentionally solicit and promote such invasions of the patentee's rights.' ”

Both of these cases having been cited by the appellants, there can be no exception taken to such authorities as not representing the law.

As we have heretofore said, the “Johnson” case was commenced on March 27, 1928. From that date on the appellants knew that they were wrongfully furnishing the adhesive base to the Kaseno Products Company. They stipulated that this adhesive base was furnished for the manufacture of Kaseno Products Co.'s “adhesive.” This being true, at least from the date of the commencement of the “Johnson” suit the appellants were wrongfully furnishing the distinguishing, necessary element of the “Johnson” patent. In the “Caustic Soda” and “Carbon Bisulphide” patents, the soya bean flour glue base is not now the distinguishing element of the patented combination, but it is the *necessary* base of the patented combination, the essential, distinguishing element in both “Caustic Soda” and “Carbon Bisulphide” patents, being the addition of caustic soda as such to the necessary soya bean adhesive base, and the addition of carbon bisulphide for waterproofing purposes to the nec-

essary soya bean adhesive base. The furnishing of the adhesive base by the appellants to Kaseno Products Co. after March 27, 1928, was wrongfully, and by them known to be wrongful. Therefore, the furnishing of such adhesive base which was used as the necessary base element with caustic soda and carbon bisulphide was just as wrongful for caustic soda and carbon bisulphide uses as it was for use with claims 3 and 7 of the "Johnson" patent which wrongful use for claims 3 and 7 of the "Johnson" patent is admitted by the appellants' continued use thereof after the commencement of the suit.

Next the attention of the court is specially directed to the case of *Novadel Process Corporation v. J. P. Meyer & Co.*, 35 Fed. (2d) 697 (C.C.A. 2). The patent was for a process for bleaching flour including mixing certain bleaching agents with flour, and storing said mixture. The court states, 703:

"Appellant has stipulated that it manufactures and sells a mixture containing benzoyl peroxide, known as 'Purifyne,' which consists of approximately one part by weight of benzoyl peroxide and three parts of calcium diphosphate, and its 'Purifyne' is sold to millers of wheat flour for bleaching the flour. It is used by millers, mixing it dry with the flour in proportions of approximately 1 part of 'Purifyne' by weight to 8,000 parts of flour, after which the flour is stored or packaged, and remains for a period of at least three days before being used, during which time the flour is bleached by 'Purifyne.' This is a sufficient admission of infringement. All the claims are infringed.

Decree affirmed, with costs.”

It will be noted that the above stipulation was that its “Purifyne” was “sold to millers of wheat flour *for* bleaching the flour. Thus, the stipulation parallels that in the present case, where appellants admit (R 103):

“* * * on and before March 27, 1928, *sold and delivered* and is now selling and delivering to the Kaseno Products Co., a co-defendant herein, soya bean seed cake *ground to glue specifications*, that is eighty mesh or finer, *for use in the manufacture* of the *adhesives or glues* of said company. * * *”

Further relative to that type of contributory infringement wherein the article was specially adapted for use in the patented combination: *It will be noted that such article need not necessarily be “only” adapted for use in the patented combination, see:*

Sandusky Foundry & Machine Co. v. De Lavaud, 274 Fed. 607, 611 (C. C. A. 6th).

Also see *Kalem Co. v. Harper Bros.*, 222 U. S. 55; 56 L. Ed., 92, 96. This was a copyright case and the court stated relative the question of intent:

“* * * The defendant not only expected but invoked by advertisement the use of its films for dramatic reproduction of the story. That was the *most conspicuous purpose* for which they could be used, and the one for *which especially they were made*. If the defendant did not contribute to the infringement, it is impossible to do so except by taking part in the final act. * * *”

The Supreme Court of the United States cited this case in the patent contributory infringement case of *Henry v. A. B. Dick Co.*, 224 U. S. 1; 56 L. Ed. 645, 664, and the following lines, from said *Dick* case, it is submitted, has put an end to the entire question here under consideration:

“* * * Undoubtedly a bare supposition that by a sale of an article which, though adapted to an infringing use, is also adapted to other and lawful uses, is not enough to make the seller a contributory infringer. Such a rule would block the wheels of commerce. There must be an intent and purpose that the article sold will be so used. Such a presumption arises when the article so sold is only adapted to an infringing use. *Rupp & W. Co. v. Elliott*, 65 C.C.A. 544; 131 Fed. 730. *It may also be inferred where its most conspicuous use is one which will co-operate in an infringement when sale to such user is invoked by advertisement. Kalem Co. v. Harper Bros. decided at this term* (222 U. S. 55, ante, 92; 32 Sup. Ct. Rep. 20).”

Thus, the court expressly states that the intent may be inferred from “the most conspicuous use.” (The court’s attention is called to the fact that *Henry v. Dick*, so far as the same conflicted with the decision of *Motion Picture Patents Co. v. Universal Film Co.*, 243 U. S. 502; 61 L. Ed. 871, 879, relative to *sale* of an article with license restrictions, was overruled, but said authority was not reversed on the point for which the case is here cited. It will be noted, however, that this case was cited by appellants.)

Commencing with 1926 the appellee adopted the use of its caustic soda as such, plus carbon bisulphide glues in which glues soya bean flour was the base. It was this glue as indicated in column 5 of Exhibit 128 that drove casein glues from the veneer field. This carbon bisulphide—caustic soda—soya bean glue was the highest type of water resistant veneer glue then or now existing. That appellants were familiar with this highest type of soya bean glue, including caustic soda and carbon bisulphide, is evidenced by the statements contained in their Arabol letter (R 104) where they say:

“We are the manufacturers of a soya bean flour which is being used extensively on this Coast as a base in *waterproof glue*.”

They further stated that this glue had almost entirely replaced casein. The only soya bean glue then or now existing corresponding to this description of appellants was a glue represented in Column 5, Exhibit 128. This is the glue that appellants are describing to the Arabol Manufacturing Co. on October 17, 1928, at which time they say that the flour of which this glue is made is practically a “new commodity” (R 107), and that this is the same glue that is being manufactured by the appellee. This glue so described by appellants uses both carbon bisulphide and caustic soda, and this appellants must have known.

A glance at Exhibit 128 will show that the glues made strictly under the terms of the "Johnson" patent, being Column 2, could not have justified the statements made in the Arabol letters. The statements contained in the Arabol letters would have been false if the only glue that the appellants at that time knew was the "Johnson" glue represented by Column 2 of said Exhibit. They must have intended the carbon bisulphide-caustic soda-soya bean glue. glue.

Accordingly, the authorities above cited are controlling when applied to the facts in this case, because in the language of the cases the most conspicuous use of the soya bean flour was for use in forming the base of the glue composition represented in Column 5 of said Exhibit.

As an answer to the plea that the appellants were innocent infringers, the court's attention is directed to the case of *Mueller Co. v. A. Zeregas Sons*, 12 Fed. (2d), 517, 519 (C.C.A. 2), where it is stated:

"* * * The court below decreed validity and found infringement. It also found that there had been no laches on the part of plaintiff in proceeding against this defendant infringer. Nevertheless accounting was denied. The reason for this step was that defendant was an 'innocent infringer,' which had bought its machine under assurances from the people who manufactured for Mueller or their successors that there would be no trouble over patents.

Doubtless the situation is annoying, perhaps even distressing, for defendant; but if persons who put faith in manufacturers of infringing articles are to be protected by their faith from accounting to the real owners of what they buy, a very easy path is open for the aborting of most patent suits.

Since there is a finding of no laches on plaintiff's part (with which we agree), we know of no legal reason for refusing the relief of an accounting after hearing on the merits. Against even an 'accidental infringement,' injunctive relief is proper. Thompson v. Bushnell Co., 96 F. 238, 37 C.C.A. 456.

This infringement is not accidental, nor in any true sense unintentional. Doubtless defendant did not think it would infringe by buying where it did, but it is legally presumed to have intended all the legal consequences of what it did. This suit is one of those consequences.
* * *

Also see the case of *Young Radiator Co. v. Modine Mfg. Co.*, 55 Fed. (2d), 545, 550 (C. C. A. 7), where the court stated:

*"We are next confronted with appellant's contention that it was not a party to the infringements and hence is not liable. With this contention we cannot agree. It made use of Bulletin H-429 as an advertisement until the last of October, 1929. It suggested and urged the installation and use of appellant's device in such a manner as to secure the same results, and by the same means, as those employed and used by appellee. It is true that it eliminated this particular instruction from the bulletin a short time before suit was filed, but it had already started a very damaging force in motion, which was bound to be hurtful to appellee. * * *"*

Appellants in this case are making the plea *not* that they were innocent of furnishing their soya bean adhesive base to Kaseno Products Co. so far as the "Johnson" patent is concerned, but they are saying that they are innocent of any use to which the Kaseno Products Co. put the glue base as respects caustic soda and carbon bisulphide. There can be no possible question of the willful intent of the appellants to infringe the "Johnson" patent at least after the date of the commencement of the "Johnson" suit. There can be no possible question that after that date the appellants were selling their soya bean adhesive base to the Kaseno Products Co. with the willful intent of infringing. It will be noted that there was no limitation in their stipulation as to what adhesives Kaseno Products Co. should use. They were furnishing an adhesive base *for all soya bean glues that Kaseno Products Co. might make*. The continuation by the appellants of their infringing acts, at least since the commencement of the "Johnson" suit, after notice of the "Caustic Soda" and "Carbon Bisulphide" patents, after the commencement of this present suit, is conclusive evidence of appellants' lack of good faith. "It is a maxim running through the whole law that every person must be taken to intend the natural consequences of his acts." (*Best*, Ev. 344; 1 *Greenl.* Ev. (7 Ed.) Sec. 18.) It is further a maxim that he who fraudulently and wrongfully initiates a force or act is thereafter responsible for all direct

results of such fraudulent force or act. In the words of the quoted case, "it had already started a very damaging force in motion." So in the present case the appellants' continued furnishing of the soya bean flour adhesive base to Kaseno Products Co. at least after the commencement of the "Johnson" suit, was at all times a fraudulent act and was committed with fraudulent intent.

Kaseno Products Co. did use its glue base to infringe the "Caustic Soda" and "Carbon Bisulphide" patents and appellants are estopped to deny their liability therefor. It was they who were guilty of the fraudulent act of furnishing the glue base. Without a glue base Kaseno Products could not have infringed, and the furnishing of the glue base was at all times, at least after the commencement of the "Johnson" suit, an acknowledged, willful, intentional and fraudulent act on the part of the appellants. Having so acted with such knowledge and full intent, and having committed a wrongful and fraudulent act, they are now estopped to raise the defense that they did not intend the fraudulent act to have reached to the "Caustic Soda" and "Carbon Bisulphide" patents. This position is supported by the following cases: *New Eng. Awl & Needle Co. v. Marlboro Co.*, 168 Mass. 154; *Lamont v. Hershey*, 140 Fed. 763; *Orr-Ewing v. Johnson*, 13 Ch. D. 434, 553.

In the latter case it is said:

“However honest or inadvertent the original mistake may have been, a continuation of the use of it after that (infringement) was pointed out is itself sufficient evidence of a fraudulent intention.”

In *New York Scaffolding Co. v. Whitney*, 224 Fed. 452, 459, (C.C.A. 8) (Cer. Den. 60 L. Ed. 482) the court states, relative to the burden of proof:

“* * * One who makes and sells articles which are only adapted to be used in a patented combination will be presumed to intend the natural consequences of his acts; he will be presumed to intend that they shall be used in the combination of the patent. *It is the duty of one who is offering for sale one or more articles, which he intends shall be used in combinations which, if unlicensed, will infringe a patent, to see to it that such combinations which he thus promotes and induces are lawfully organized. Thomson-Houston Electric Co. v. Ohio Brass Co.*, 80 Fed. 712, 721; 26 C.C.A. 107, 116. The foregoing rules of law are indisputable. (Citing authorities.) * * *”

The attention of the court is called to the fact that in this case the decision was for the plaintiff, and this case is not to be confused with the case cited by the appellants in their brief (p. 52), referring to *Whitney v. New York Scaffolding Co.*, 243 Fed. 180, C. C. A. 8, the latter case dealing with a different structure made by the defendant than in the above case cited by appellee.

In *Westinghouse Electric & Mfg. Co. v. Precise Mfg. Corp.*, (C.C.A. 2) 11 Fed. (2d) 209, 211, the court stated:

“* * * *The only use known to the trade of these, or that suggested by each of the appellants in their advertising matter or instructions to the users, is in the superheterodyne receiver.*

Many valuable patents are combinations of unpatentable elements. By furnishing parts it makes it possible for others to assemble and use the combination, and when a manufacturer, by so manufacturing and advertising, points out the way in which this can be done, and thus, intentionally so acting, promotes infringements of patentee's rights, he becomes a contributory infringer. *Thomson-Houston El. Co. v. Ohio Brass Co.*, 80 F. 712; 26 C.C.A. 107. A device capable of an infringing use, and sold with the intent that it shall be so used, is an infringement of the patent, even though the same device is capable of a noninfringing use, and even though there may be a form of instructions that it shall be used in a non-infringing way. *Sandusky Foundry & Machine Co. v. De Lavaud* (C.C.A.), 274 F. 607. But where, as here, it appears that each of the appellants manufactured with knowledge of the contemplated infringement, contributory infringement is clear. (Citing authorities.)”

The next case of appellee is one in our own circuit, *Ersted v. Williamette Iron & Steel Works*, 28 Fed. (2d) 960, 962 (C.C.A. 9). This circuit, speaking through Judge Dietrich, said in the court's decision dated November 5, 1928:

“* * * In the second place, in view of the fact that defendant had not acted *unwittingly*, but *deliberately*, in appropriating plaintiff's device, *its admitted sales after notice of patent, its denial of the validity of the patent*, its conduct, highly equivocal, to say the least, *in continuing to put on the market machines embodying plaintiff's device*, with the exception only of the

spring, and putting out the catalogue which, among other things, lists the omitted spring, we are further of the opinion that plaintiff was entitled to an injunction, not only against sales of the machine fully equipped with plaintiff's device, but against the use of such catalogue and other means or practices tending to encourage or contribute to the use by others of infringing devices.

Reversed, with directions to take further proceedings not inconsistent herewith."

It will further be noted that not only were the appellants given written notice of the existence of these patents, and charged with knowledge that they would be held as infringers, but additional notice was given in that every sack of soya bean flour glue manufactured by the appellee contained on the sack a tag which had the usual notice that the product was patented and contained the numbers of the "Caustic Soda" and "Carbon Bisulphide" patents.

The sufficiency of such notice was definitely determined in *Munger v. Perlman Rim Corp.*, 244 Fed. 799, 805, affirmed 275 Fed. 21:

"Notice of the existence of the patent was given by the plaintiff by marking the manufactured product under the patent with the date of the patent. This was placed upon the wheels manufactured commercially by the Munger Vehicle Tire Company, and was sufficient notice within the meaning of section 4900 of the Revised Statutes."

APPELLANTS ARE ESTOPPED TO RAISE DEFENSE OF OTHER NON-INFRINGEMENT USES BECAUSE OF THEIR INITIAL FRAUDULENT ACT.

In the "Caustic Soda" patent (Ex. 14; R 72) we find:
" * * * caustic soda apparently playing the part of dispersing the colloidal material."

Claims 3 and 7 of the "Johnson" patent include therein the use of hydrated lime and sodium fluoride or their chemical equivalents, with the soya bean base. Sodium fluoride and hydrated lime or their chemical equivalents are alkaline-reacting substances. Caustic Soda is a very strong, alkaline-reacting substance. Under the claims of the three patents in suit soya bean flour as an adhesive base can be used for glues only after the colloidal material of said adhesive base has first been dispersed, i. e., acted upon by alkaline substances. If this treatment with an aqueous alkaline medium does not take place there will be no resultant glue.

On March 27, 1928, the "Johnson" suit was instituted. Thereby the Kaseno Products Co. was charged with being an infringer and the appellants were charged with being contributory infringers because they were furnishing to the Kaseno Products Co. the adhesive base from which the Kaseno Products Co. was manufacturing the infringing article. Every formula used by the Kaseno Products Co. in the manufacture of its soya bean glues as disclosed by the

printed record in this case, shows that it did use an aqueous alkaline medium, (a) either sodium fluoride and lime or their equivalents; (b) soya bean base with which the chemicals of the "Johnson" patent or their equivalents were used, plus caustic soda, or a soya bean base to which caustic soda as such was added. Therefore, every pound of soya bean flour furnished to the Kaseno Products Co. by the appellants had first to be treated with an agent which was an alkaline-reacting substance of which caustic soda was one. All the soya bean flour sold to the Kaseno Products Co. by the appellants after the commencement of the "Johnson" suit was by the appellants sold with the knowledge and intent of continuing the fraudulent and unlawful acts concerning which they were charged at length in the bill of complaint. The Trial Court has found that the Kaseno Products Co. was an infringer. Therefore, every sale of soya bean flour to Kaseno Products Co. after the commencement of the "Johnson" suit was a tortious and fraudulent act on the part of the appellants and by them known and intended to be such.

In *Whitney v. New York Scaffolding Co.*, 243 Fed. 180, 185 (C.C.A. 8), a case cited by appellants, it will be noted that the court stated in the next sentence following the concluding sentence of appellants' extract:

"* * * The facts that the plaintiff's machine (we submit "plaintiff's") is erroneously used in place of "de-

defendant's"—no sense otherwise) or device is capable of use in such a way as to aid in the infringement of the patented invention, that it has been used in that way, that the defendant knew it had been so used and still continued to manufacture and sell it, and that he fitted it for such use, are competent evidence of such an intention or purpose. * * *” (Insert ours.)

Orr-Ewing v. Johnson, 13 Ch. D. 434, 553, where the court stated:

“However honest or inadvertent the original mistake may have been, a continuation of the use of it after that (infringement) was pointed out is itself sufficient evidence of a fraudulent intention.”

Also see *Feil v. American Serum Co.*, 16 Fed. (2d) 88, 90 (C.C.A. 8):

“* * * In suits for infringement of registered trademarks, where the defendant has refused on notice to cease the use of an infringing device and has continued to infringe, neither a fraudulent intent to injure the complainant nor an actual misleading of the public need to be proved. They will be and are presumed. (Citing authorities.)”

In our own Circuit, in the case of *Schurmann v. United States*, 264 Fed. 917, 920 (C.C.A. 9), in connection with the naturalization certificate, it was held that the intent to commit the original fraud could be judged from the party's later conduct, the court declaring:

“* * * In years, however, the time did come, and the criterion of original fraud must be the later conduct, which, in its relation to the earlier attitude, will

furnish safe ground for judgment. (Citing authorities.)”

Also see the case of *Queen Mfg. Co. v. Isaac Ginsberg & Bros., Inc.*, 25 Fed. (2d) 284, 288, where the court said:

“* * * Where, however, the defendant has refused on notice to cease the use of a mark or a label, the natural and probable result of which will be to deceive the public, and palm off the goods of the defendant as the goods of the plaintiff, fraudulent intent will be presumed. (Citing authorities.)

* * *

Defendant continued such use after notice from the plaintiff, and from such continued use fraudulent intent will be presumed.”

It will be well noted by the court that under the Stipulation (Ex. 11, R 103) the appellants state they are selling their adhesive product to the Kaseno Products Co. for use in the manufacture of its *adhesives* and *glues*. This means any or all of the adhesives or glues which were to be manufactured by the Kaseno Products Co. in which it uses soya bean flour as a base.

It will be further noted that every act on the part of the appellants in furnishing said adhesive base, after the commencement of the “Johnson” suit, was a fraudulent and tortious act. It will be further noted that it is academic law that one who knowingly and intentionally puts into motion a damaging force is thereafter responsible for all resultant damages directly flowing therefrom. Appellants

from the date of the commencement of the "Johnson" suit by the sale of their adhesive base "without restriction" to the Kaseno Products Co. intending its use as a glue were knowingly and intentionally putting into action a damaging force, i. e., soya bean adhesive base. This act by them was wrongful and tortious. As a direct result of this wrongful act the Kaseno Products Co. manufactured glues which at all times not only infringed claims 3 and 7 of the "Johnson" patent, (a tort) but also infringed the "Caustic Soda" and/or "Carbon Bisulphide" patents in suit. As to the infringement of the "Caustic Soda" and "Carbon Bisulphide" patents the appellants are now estopped to raise any defense as to such infringing acts based on the grounds that they had no knowledge or intent that the soya bean adhesive base which they sold to the Kaseno Products Co. was to be used for that purpose.

The authorities hereinafter cited clearly establish that it is immaterial whether the appellants knew or did not know, intended or did not intend specific infringement of the "Caustic Soda" and "Carbon Bisulphide" patents when they sold the soya bean adhesive base. Having initiated the damaging force, they are charged in law with the resultant damage that appellee sustained by virtue of the infringement of the "Caustic Soda" and "Carbon Bisulphide" patents.

J. O'Neal Sandel v. State of South Carolina, 104 S. E. 567; 13 A.L.R. 1268 at 1272:

"Let us illustrate from the famous squib case (*Scott v. Shepherd*, 2 W. Bl. 892, 96 Eng. Reprint, 525, 3 Wils. 403, 95 Eng. Reprint, 1124). The injury did not result immediately from defendant's act in throwing the squib upon another; and, if that person had not thrown it upon another, and if the last man had not thrown it upon the plaintiff, he would not have been injured. There we have an intervening cause, in fact, several of them, in the absence of which the plaintiff would not have been injured. Nevertheless, the defendant was liable to the plaintiff, because he had wrongfully set in motion a force which continued to operate until it caused the injury."

Kentucky Heating Company v. Jessie Hood, 118 S. W. 337; 22 L.R.A. (N. S.) 588 at 592:

"A person who commits a tort like this is liable for all the damages that naturally flow from, and are the result of, this wrongful act, although he may not, at the time, have given any thought to or have anticipated that injurious consequences would follow. It is no excuse or defense for the wrongdoer that he did not mean to commit any wrong, or did not know that any injury or loss would ensue."

The court now quoting from *Sutherland on Damages*, Vol. 1, Sec. 16:

"He who is responsible for a negligent act must answer 'for all the injurious results which flow therefrom, by ordinary natural sequence. * * * Whether the injurious consequences may have been "reasonably expected" to have followed from the commission of the act is not at all determinative of the liability of the

person who committed the act to respond to the person suffering therefrom.' * * * There need not be in the mind of the individual whose act or omission has wrought the injury the least contemplation of the probable consequence of his conduct; he is responsible therefor because the result proximately follows his wrongful act or nonaction. All persons are imperatively required to foresee what will be the natural consequences of their acts and omissions, according to the usual course of nature and the general experience."

Citing many authorities.

Munsey v. Wesley Webb, 231 U. S. 150; 58 L. Ed. 162
at 166:

"It was not necessary that the defendant should have had notice of the particular method in which an accident would occur, if the possibility of an accident was clear to the ordinary prudent eye."

Citing authorities.

Almost innumerable authorities could be cited to support this doctrine.

Appellants wrongfully sold the adhesive base to Kaseno Products Co. for the manufacture by it of its own soya bean adhesives and glues. As in the present case, such sale infringed claims 3 and 7 of the "Johnson" patent. This was a tort. With this adhesive base Kaseno Products Co. manufactured and sold caustic soda and carbon bisulphide glues, in both of which glues it must be remembered the infringing glue base of the "Johnson" patent was present.

We respectfully submit that it is impossible for the appellants to maintain the defense as against the "Carbon Bisulphide" and "Caustic Soda" patents that they, the appellants, did not know that the soya bean adhesive base sold to Kaseno Products Co. was to be used in an infringing manner either with carbon bisulphide or caustic soda. The Trial Court found that Kaseno Products Co. did so use it; held them guilty as direct infringers. We respectfully submit that the appellants are equally guilty as contributory infringers. Especially must all this be true when the record discloses that the appellants were notified in writing of the existence and ownership of the "Carbon Bisulphide" and "Caustic Soda" patents and were warned not to infringe the same, and even with this notice given them prior to suit, they still continued to infringe.

It is submitted that the conclusions reached in these authorities amply justify the decision of the Trial Court in holding that the appellants acted with all the intent necessary to hold them contributory infringers.

REPLYING TO THE CONTENTION OF APPELLANTS, RESPECTING THE DEFINITION OF "CONTRIBUTORY INFRINGEMENT," Appellant's Brief, p. 32 etc.

Appellee has no quarrel with appellants extract from the 9th circuit case of *Wilson v. Union Tool Co.* (C.C.A.

9th), 265 Fed. 669, 672, wherein is quoted the following as the definition of "contributory infringement:"

"* * * 'In *Thomson-Houston v. Ohio Co.*, 80 Fed. 712; 26 C.C.A. 107, it was held by the Court of Appeals that it was settled that, where one makes and sells one element of a combination covered by a patent, with the intention and for the purpose of bringing about its use in such combination, he is guilty of contributory infringement, and is equally liable to the patentee with him who in fact organizes the complete combination'."

This is the definition of contributory infringement adopted in this circuit.

In the paragraph in which the above extract occurs, also is to be found (Judge Taft, for the court stating):

"'Many of the most valuable patents are combinations of nonpatentable elements, and the only effective mode of preventing infringement is by suits against those who, by furnishing the parts which distinguish the combination, made it possible for others to assemble and use the combination, and who, by advertisement of the sale of such parts and otherwise, intentionally solicit and promote such invasions of the patentee's rights'."

Thus it is submitted that the conduct of "Appellant Lilly Co." clearly places them well within the definition of a contributory infringer of the patents in suit.

REPLYING TO THE ARGUMENT IN APPELLANTS' BRIEF
HAVING THE SUBHEAD (page 34):

“B.—Knowledge that One is Aiding in an Infringement and an Intent to so aid are Essential Elements of Contributory Infringement.”

Appellants state in their opening paragraph under this heading:

“Without guilty knowledge and intent, the necessary concert of action is missing and there can be no contributory infringement.”

It is submitted that this is an attempt to make the intent equal to that of a criminal. This is contrary to the nature of infringement, which is a tort—a fact academic in patent law. Nor do the appellants anywhere cite any authority for the phrase “guilty knowledge and intent,” and such, it is respectfully submitted, is not the law as to intent in connection with contributory infringement.

The defendants cite *Bullock Elec. & Mfg. Co. v. Westinghouse Elect. & Mfg. Co.* (C.C.A. 6th), 129 Fed. 105, 111. In this case the court found there could be no infringement at all. How can the case be pertinent?

Relative to the appellants' citation of *Individual Drinking Cup Co. v. Errett* (C.C.A. 2nd), 297 Fed. 733, 739, where they quote (Appellants' brief 35):

“In the last analysis, the fundamental thought is that, before one may be held for contributory in-

fringement, it must be shown that he had *knowingly* done some act without which the infringement would not have occurred."

Can there be any question in the mind of this Court, that so far as the "Carbon Bisulphide" and "Caustic Soda" patents are concerned, the appellants acted innocently? It just is not within human comprehension so to believe.

Without unnecessarily repeating the record heretofore cited, there is no question but what the appellants knew at least after the commencement of the "Johnson" suit, after the rejection of the contract with appellee (R 229), after their notice of the ownership of the patents by appellee, and after writing the Arabol letters, that the adhesive base which they were furnishing Kaseno Products Co. was being used for glues which contained carbon bisulphide and caustic soda. We have no quarrel with the citation. The appellants come squarely under it.

The decision in this case not only is not of help to the appellants but is of positive aid to the appellee for the court says that contributory infringement extends to those who induce a person to use an infringing device "in order that the inducer may sell some article used in connection with the device."

Appellants are here not only profiting by making their sales of the adhesive base to Kaseno Products Co., but, as shown by the record, were engaged in inducing others

throughout the length and breadth of the land to infringe the patents of the appellee. Incidentally, in the *Individual Drinking Cup Co.* case (supra) the defendant was held as a contributory infringer.

REPLYING TO SECTION C (Appellants' Brief 35)

“The Manufacture and Sale of a Separate Element of a Patented Combination, the use of which Element is not Limited to the Patented Combination, does not Constitute Contributory Infringement unless it be proved that such Manufacture and Sale were for the Purpose and with the Intent of Aiding Infringement.”

Under this heading is set forth a general discussion of the law, citing certain cases. Appellee submits the cases are inapplicable to the facts of the present case.

Answering *Saxe v. Hammond*, 1 Ban. & A. 629, 631; 21 Fed. Cas. No. 12,411 (Applnts.' Bf. 37): The facts of this case are clearly distinguishable from those before this court. The defendants made a fan which was capable of any number of different uses, and to make it an infringement of the patented combination

“* * * depends upon the position and arrangement of it in the organ, whether or not it be placed external to wind-chest; whether it be placed so as to cut off the sound and produce a succession of notes, or merely to agitate the air and vary the musical notes, without interrupting their continuity. Even if all these alternative conditions were on the side of infringement, there must be the *additional element of a sale, for use, by an*

unlicensed manufacturer, which is not proved in this case.”

Here, then, they did not prove a direct infringer and there being no direct infringer, naturally there could be no contributory infringer.

Note well that there was no direct infringement established, and all that the plaintiff proved was danger of a possible infringement which never came into being. Surely the appellants are hard pressed when they must attempt to rely on cases with facts so far afield from facts of the present suit.

Answering *Winne v. Bedell*, 40 Fed. 463, 464 (applnts.’ Bf. 39):

There was no proof that the defendant ever sold an element of the combination, and there was no evidence from which his intention could be inferred to aid somebody to transform this into an element of the combination. There was no stipulation like that in the present case where the party admitted selling to a co-defendant a glue base for the purpose of manufacturing the glue products of the co-defendant.

Next, the appellants cite *Thomson-Houston Electric Co. v. Ohio Brass Co.* (C.C.A. 6th), 80 Fed. 712, 723, and *Leeds & Catlin Co. v. Victor Talking Machine Co.* (C.C.A. 2nd), 154 Fed. 58, 60 (applnts.’ Bf. 40-41).

These cases will be considered in connection with the contention of the appellants set forth under next section "D," (applnts.' Bf. 41).

REPLYING TO SECTION D

"One Who Sells an Ordinary Article of Commerce Susceptible of Innocent Use Unconnected with the Product of a Patent, Without Intent to Contribute to the Making of the Patented Product, is not Guilty of Contributory Infringement and is not Liable Even Though the Purchaser Uses the Article in Bringing About an Infringement." (Applnts.' Bf. 41.)

Under this heading appellants are trying desperately to convince this court that the soya bean flour specially prepared for a glue base, the fundamentally distinguishing element of the patented combination of the patent in suit, is only "an ordinary article of commerce." This is the same contention which they urged upon the Trial Court, and relative to which the Trial Court held squarely against them, stating (R 154):

"The foregoing is sufficient to show contributory infringement on the part of these defendants and to take the case out of the rule that one who sells to an infringer an article of commerce having ordinary uses unconnected with the product of the patent, without intent to contribute to the manufacture of such product, does not infringe. The stipulation and letters show that it was the intent of these defendants that the article sold by them should be used in the manufacture by their co-defendants of the product of plaintiff's inventions. *Thomson-Houston Electric Co. v. Ohio Brass Co.*, 80

Fed. 712, 721-723; *Electro Bleaching Gas Co. v. Paradon Engineering Co.*, 12 Fed. (2d) 511, 513; *Trico Products Corporation v. Apco-Moseberg Corporation*, 45 Fed. (2d) 594, 599; *Walker on Patents*, 5th Edition, Sec. 407."

In connection with the argument of the appellants that soya bean flour is but "an ordinary article of commerce," appellee wishes it to be noted that appellants did not show any invoices for sale of soya bean flour for any alleged "innocent use"—much less any such sales for which it received its price as stated in its letter, of \$70.00 for less than car load lots, and \$65.00 for car lots on the grade of 100 mesh—its price for flour of glue making character. Also the attention of the court is called to the fact that the record does not show any proof of a single sale to anyone of soya bean flour in large quantities for any use other than as a glue base. Could they not well have supplied invoices of the company to whom such sales were made, and clearly establish the fact?

Surely this court can state exactly as did Circuit Judge Taft in *Thomson-Houston Electric Co. v. Ohio Brass Co.*, (Supra), 720:

"The catalogue of the defendant shows that it is offering for sale to the public *without restriction* the switch and trolley to be used as part of the equipment of an electric street railway. Defendant has not shown, and we infer from the evidence that it cannot be shown, that either the switch or trolley and harp can be used

in an electric railway except in the combinations described and claimed in the two patents here in suit. * * * The description of the article sold by the defendant in its catalogue is that of an 'under-running adjustable switch,' and it is said to make a perfectly straight under-running approach for the trolley wheel. It is apparent that the switch plate has no *practical utility* except in such an arrangement of parts as that stated in the third claim. * * * The evidence sufficiently shows that neither the trolley nor the harp is adapted to be used on electric street railways except in the above combination. *Purchasers buy articles for practical use*, and would only buy the switch and trolley, therefore, for use in complainant's patented combinations. One is legally presumed to intend the natural consequences of his act. Hence the defendant, in offering the switch and trolley for sale to the general public, may be reasonably held to intend that they should be used in combinations in an electric railway covered by the claims of complainant's patents."

Certainly appellants have gone much further in the present case. They not only did not sell with any restriction, but specifically solicited and urged glue manufacturers (R 104-108) to use in a glue composition, the soya bean flour,—all this that they, appellants, might benefit by a market for the new glue base of the new industry established by appellee.

When it is considered that all this demand for soya bean flour came about suddenly, it shows that appellants were well aware that they were entering a new business, as it admits that the product was a "comparatively new commod-

ity." This court, in view of the very facts admitted by the appellants themselves, has a comparatively easy case.

A part of the title "D" includes the phrase "Without Intent to Contribute to the Making of the Patented Product," and appellants contend that their intent was not shown by appellee. This same contention was made in the *Thomson-Houston Electric Co. v. Ohio Brass Co.* (supra), p. 714:

"* * * The first (of two principal objections) was that there was not any proof of actual infringement or of an intention to infringe the combinations covered by the claims set forth in the orders of injunction appealed from."

As respects this Judge Taft wrote, p. 722:

"* * * It is said that no concert of action by defendant with any one for the purpose of accomplishing an infringement of complainant's patent rights is shown. As already stated, it does appear that defendant is offering for sale articles that can only be used in combination covered by complainant's claims. This is an effort to secure a concert of action by which the combination of complainant's patents may be assembled. If successful, infringement will follow; hence the preliminary steps which are intentionally taken to bring about the injury may be enjoined.

In considering the same point in *Wallace v. Holmes*, 29 Fed. Cas. 79, Judge Woodruff said:

'Here the actual concert with the other is a certain inference from the nature of the case, and the distinct efforts of the defendants to bring the burner in question into use, which can only be by adding the chimney. The defendants have not, perhaps, made an actual pre-arrangement with any particular

person to supply the chimney to be added to the burner; but every sale they make is a proposal to the purchaser to do this, and his purchase is a consent with the defendants that he will do it, or cause it to be done'."

Despite the express language of this extract, appellants continue to urge their contention of appellee's failure to prove facts which amount to a prearrangement. In other words, they insist that the appellee must show facts amounting to a prearrangement between the appellants and the direct infringer, although the court clearly stated in the said extract:

"* * * The defendants have not, perhaps, made an actual prearrangement with any particular person to supply the chimney to be added to the burner; but every sale they make is a proposal to the purchaser to do this, and his purchase is a consent with the defendants that he will do it, or cause it to be done'."

In the next paragraph the court made the suggestion that the defendant had the right to sell parts to be used in complainant's combinations to the licensees of complainant and the court made this contention as follows:

p. 723. "* * * It being established that defendant is offering for sale articles, intending them to be used in combinations which, if unlicensed by complainant, would be infringements of complainant's patents, we think that it is the duty of the defendant to see to it that such combinations which it is intentionally inducing and promoting shall be confined to those which may be lawfully organized. We are unable to see why any different rule should be applied in such a case from that

applicable to a case in which a defendant makes a patented machine to order. He may make such a machine upon the order of the patentee or a licensee, but not otherwise."

As respects the use of carbon bisulphide and caustic soda under the patents in suit, there can be no question but that the appellants were at all times, since the institution of the Johnson suit, March 27, 1928, concerting with the Kaseno Products Co. in the manufacture of the infringing product under the Johnson patent. There can be no question but what the soya bean base is the adhesive base which appellants furnished the Kaseno Products Co. for use in any or all of the adhesives or glues which they might manufacture. Linquist admits that the Kaseno Products Co. did manufacture and so sell caustic soda and carbon bisulphide glues. The very adhesive base with which these caustic soda and carbon bisulphide glues were made, and without which they could not have been made, was furnished to the Kaseno Products Co. for the express purpose of making their glues, whatever those glues might be, and it will be further noted, as an indication and proof of their concert of action, that they did not cease furnishing such adhesive base for the making of caustic soda and carbon bisulphide glues after the commencement of the present suit. They persisted in the same conduct as they did in the Johnson suit, even up to the day of the granting of the injunction by the Trial Court on July 11, 1932,

and yet they would tell this court that they were innocent sellers of an ordinary article of commerce. Appellants make the plea that they should be relieved of all liability, because they did not know what chemicals the Kaseno Products Co. was using with the product which they supplied to said company. They supplied the soya bean flour adhesive base for the glues which that company was making in competition with appellee and the only possible glue that could thus compete was a caustic soda, carbon bisulphide, soya bean flour glue. If they had not made such a glue, they never would have used the glue base furnished by appellants, and appellants would thereby have lost their market.

Replying to the citation of *Leeds & Catlin Co. v. Victor Talking Machine Co.*, 154 Fed. 58, 60 (applnts.' Bf. 41):

The statement of the extract quoted by the appellants from the case is *obiter dictum*, the court being careful to point out that the records, which were the articles sold by the defendants in the case under consideration, were not "staple articles of commerce."

The court did hold the defendants in the Leeds case as contributory infringers. On the same theory appellants in this case should be held, for the appellants sold its glue base to the Kaseno Products Co., the direct infringer, with the intent and purpose that such glue base should be used for the making of all of the company's soya bean glue, regard-

less of whether it was "Johnson," "caustic soda" or "carbon bisulphide," after full knowledge of the patents in suit.

Answering *Rumford Chemical Works v. Hygienic Chemical Co. of N. J.* (D.C.), 148 Fed. 863 (C.C.A 3rd); 154 Fed. 65; 215 U. S. 156; 54 L. Ed. 137 (applnts.' Bf. 42):

In ascertaining fully just what was decided in this case, it is necessary to know about the companion cases of which there were several. These have been discussed at length in the brief of appellee in Cause No. 7083, and since the case has no particular relevancy in the present suit, the various companion cases will not be rediscussed. Suffice it to say that the particular case cited by the appellants was decided on a point of exclusion of evidence, and the extract quoted by them is *obiter dictum*.

In the companion case of *Rumford Chem. Wks. v. Hygienic Chem. Co. of N. Y.*, 159 Fed. 436 (C.C.A. 2) (54 L. Ed., 137), the court stated (438):

"* * * It is, therefore, the use of such powder which constitutes infringement and when a manufacturer of acid phosphates sells a manufacturer of baking powder a barrel of granular acid phosphate the *presumption is not unfair that he expects it to be used for baking powder*. There is testimony tending to show that 'special' phosphate is specially adapted for use in making baking powder."

Likewise here when the appellants sold a special soya bean flour product to a glue company, it cannot be unfair

to hold that they intended the product to go into the infringing glues, and that over a period of years. In the instant case 150 tons per month were made and sold by appellants, whereas in the above case there was involved the sale of only 1 barrel.

Replying to the *Keystone Bridge Co. v. Phoenix Iron Co.* case, 95 U. S. 274; 24 L. Ed. 344 (Applnts.' Bf. 43):

There was not a direct infringer; of course there could be no question about a contributory infringer. Surely the appellants are hard pressed when they must cite a case of the character of the one under discussion, in which the Supreme Court has held that there was no direct infringer, and refused to consider the point on which the court decided the case in the court below, and for the point for which the appellants have cited the case to this court.

Replying to the case of *Lane v. Park*, 49 Fed. 454 (applnts.' Bf. 44):

The defendant in this case did not make and did not sell the completed mould-boards. All it did was to sell the metal blanks, which, by virtue of the correspondence with the Patent Office, were actually disclaimed by the patentee as being his invention and not within the scope of his claims. The court held this sufficient for it to hold no contributory infringement.

This was a District Court case, and the Shepard's Citorator does not show that the case was ever cited as a reference relative contributory infringement, and was never cited but once for any purpose.

Replying to the citation of *Edison Electric Light Co. v. Peninsular Light, Power & Heat Co.*, 95 Fed. 669, (applnts.' Bf. 45): This case is readily distinguishable from the facts in the present case. In the first place, respecting the charge that one of the defendants in that case, the Lowell Company, was a contributing infringer in that it sold *electricity* to the other defendant, Peninsular Light, Power & H. Co., who in turn sold electricity to the Livingston Hotel, in which hotel was constructed a certain light system embodying the patents in suit, the court clearly points out in the middle of page 673 that there was no particular knowledge on the part of the Lowell Company that the electricity was to be sold to the Livingston Hotel for use by the hotel in the apparatus in question. So far as the Lowell Company is concerned, the case is therefore readily differentiated by reason of the fact that it may be considered as a *jobber* who sells to a *retailer*, who, in turn, sells to a *user* who proceeds to infringe without any showing that the jobber intended the article sold to be used in any infringing way, said article being of a general merchandise character and not particularly adapted for use in the infringing use. Since Lilly sold directly to a glue manufacturer *for purposes of making a glue*, it is in no sense re-

mote from the infringing act as was the Lowell Company. Lilly *directly* and intentionally supplied the material to the Kaseno Products Co. to be used in a glue composition, well knowing that it was to be so used, and specially grinding to a particular degree of fineness the material to be so used, thus coming within the very cases excepted and differentiated by the court in the cited case where the article sold was definitely adapted for the use in the infringing combination, such differentiating being given on page 673 as follows:

“* * * for in those cases not only was the thing furnished *peculiarly adapted* to the infringing use, but the court found, as matter of fact, that there was a wrongful purpose on the part of the contributing defendant that the article supplied should be so used. * * *”

In the case at bar the Trial Court found there was a wrongful purpose (R 154).

Next, as to the other defendant in the *Edison Electric Light* case, namely, the Peninsular Light, Power & H. Co.: The decision here involved an extended discussion of the question of whether or not the hotel company had an *implied license* to use the lighting system embodying the patents in suit. There is no question of any such implied license being present in the present suit before this court. Therefore, the discussion as to the Peninsular Light, Power & H. Co., defendant, is not in point, the court clearly holding that there was such an implied license. The appellants Lillys make no showing, or even any claim whatsoever that

there was an implied license involved in the present suit, and hence, it is believed, no further discussion of the citation is necessary.

The attention of the court is respectfully called to the fact that the extract of the appellants is taken from the opinion of the District Court report of the case, and is pure *obiter dictum* of the District Court. The ground on which the District Court decided that the Peninsular Light, Power & H. Co. was not liable, was that the hotel company, which purchased the electric power from said Peninsular Company, had an implied license to use the apparatus of the patent in suit with electricity furnished by any party.

The court's attention is called to the fact that this case was appealed to the Circuit Court of Appeals, 101 Fed. 831 (C.C.A. 6), and the decision of the lower court was sustained entirely on the ground that the hotel company had an implied license to use the apparatus with electricity purchased from any party. The court expressly stating, p. 837:

“* * * If it was intended that so expensive an apparatus could be utilized according to the methods of the patents under which the vendor was operating only so long as the vendor should supply the current, good faith required that the vendees (hotel company) should be plainly so informed. It cannot be doubted but that the vendees understood they were securing a permanent wiring system, which might be used in combination with a current obtained from any source, delivered to the house wires in such manner as to utilize them to the

best advantage. It would be most unreasonable to suppose that in order to continue the use of this, the very essence of the Edison inventions, they must continue to take current from a particular source. * * *

Clearly, this reasoning is far different from that of the *obiter dictum* extract set forth by the appellants. Since the facts of the case are so different from those obtaining in the present case, it is not thought necessary to consider them further.

At any rate, it is not believed that the *obiter dictum* statements of the District Court correctly state the law in the 9th circuit, where a decision very much to the contrary is found in *Ersted v. Willamette Iron & Steel Wks.*, 28 Fed. (2d) 960, *supra*, p. 48.

Moreover, Judge Severens, who was the district judge in the *Edison Electric Light v. Peninsular Light, Power & Heat Co.* case, when he became circuit judge, held as follows in *Canada v. Michigan Malleable Iron Co.*, 124 Fed. 486, 489 (C.C.A. 6):

“* * * The case is not like one where the thing made is also adapted to use in other ways. It would be wholly inadmissible to shut out the manufacture or sale of things adapted to a proper and lawful use. That would interfere with the rights and privileges of the public. *But it has been held that, even in that case if it were proven that the thing, although adapted to other uses, was nevertheless intended by the seller to go into, and contribute to, the infringement by another, the furnisher could not escape the consequence of the infringement.*”

ment. Heaton Peninsular Button Fastener Co. v. Eureka Specialty Co., 77 Fed. 288; 25 C.C.A. 267; 35 L.R.A. 728; *Edison Electric Light Co. v. Peninsular Light, etc., Co.* (C.C.), 95 Fed. 669, 673, affirmed in 101 Fed. 831; 43 C.C.A. 479. The test in all cases is whether the facts show an *actual participation in the wrongful act complained of. We cannot resist the impression that upon the application of this test the defendant must stand upon the same footing with the party who completes the infringement by adding the other element necessary to the completion of the former. * * **

This shows a different conception of the law relating to an ordinary article of merchandise, and that a party who sells a thing, although adapted to other uses, is nevertheless, to be held as an infringer, if he intended the thing to go into and contribute to the infringement consummated by another.

Also in *Dental Co. of America v. S. S. White Dental Mfg. Co.*, 266 Fed. 524; (C.C.A. 3), where the defendant relied upon the *Edison Light Co. v. Peninsular* (C.C.), 95 Fed. 669, 674; the court held, p. 525:

“* * * But the defendant says even so it did not infringe because it made but one of two parts of the tooth, and because the part it made was as susceptible of innocent use as it was of guilty use. *Thomson-Houston Electric Co. v. Ohio Brass Co.*, 80 Fed. 712, 723; 26 C.C.A. 107; *Winne v. Bedell* (C.C.), 40 Fed. 463; *Edison Light Co. v. Peninsular* (C.C.), 95 Fed. 669, 674. Even if this were true, the facts of the case show but *one actual and intended use* of the facing made by the defendant and that was its use with a backing made by another manufacturer, afterward put together and

sold by the latter, thereby justifying to this extent the plaintiff's charge of contributory infringement against the defendant.

The evidence establishes, we think beyond valid dispute, that the defendant made what a mechanic would term the female facing of a tooth, under contract with a dental manufacturer that made the male backing, and that the two parts when later put together made a complete tooth within the terms of the patent as we construe it. If the tooth with such facing and backing and correlative locking means was the tooth of the patent, the defendant contributed to infringement by making one element with intent that it should be united with the other elements, though later united and completed by another person. *Leeds & Catlin Co. v. Victor Talking Machine Co.*, 213 U. S. 325; 29 Sup. Ct. 495; 53 L. Ed. 805. *For such act it must answer in a suit instituted in the jurisdiction where it committed its part of the infringement and had a regular and established place of business. * * **"

Replying to the citation of *Rupp & Wittgenfeld Co. v. Elliott* (C.C.A. 6th), 131 Fed. 730, 732 (applnts.' Bf. 48): This case represents that type of case wherein the patented machine was not sold, but placed in the hands of the users (p. 730):

"* * * under a license to use only in connection with staple wire purchased from the patentee. Every machine carries a metal inscription indicating that the patentees retain the title, and consent only to this restricted use. * * *"

In this type of case the particular article may form no part of the patented combination. However, the sale by one

other than the patentee with knowledge of the license restriction to the licensee of staples, has been held a contributory infringer. Manifestly, this type of case goes even further with contributory infringement than where the defendant is supplying a distinguishing element of the patented combination. It should be emphasized that the case was disposed of upon a demurrer on the part of the defendant who was charged with supplying the staples to a licensee who had agreed with the licensor to buy no staples except from the patentee. Naturally, on demurrer the court referred to the allegations of the bill of complaint to obtain the facts, which on demurrer were admitted to be true. The extract of the appellants on page 49 with the italicized part, refers to allegations in the bill of complaint, where the particular defendant in the case was charged with selling to the users with the express intent that the same shall be used in violation of the license restriction. It is only, of course, common practice for the allegations of the bill of complaint to be as full and positive and complete as possible. But surely such allegations do not constitute a proper definition of the law, and it is submitted that such extracted statement from the case is not helpful to this court.

Because in a particular case a defendant could be rightly charged with all of the averments, surely does not mean that such averments may be considered as a true general state-

ment of the law on the particular subject in hand. Attention is directed to the fact that the bill further avers that, to quote the court: (p. 733)

“* * * But to still further strengthen this certain inference, the bill adds that some users of the machines ‘have purchased wire from the defendants, supposing and believing it to be the genuine wire furnished by the Elliott Machine Company’.”

Certainly this statement relating to unfair trade is not necessary in defining “contributory infringement”—at least appellants have not cited any such authorities. Accordingly, it is submitted that the averments of the bill of complaint against a particular defendant admitted on demurrer, cannot be taken as a true general statement of the law on contributory infringement.

With respect to the extract from the opinion of the court quoted on page 49, appellee contends that the soya bean flour, like the wire, was specially adapted for the infringing use, and that it was so adapted with the intent and purpose that it should be so used in a glue composition, which constitutes contributory infringement.

With respect to the cases listed without comment in appellants’ brief, p. 50, the answer to the same will be abbreviated.

Relative to *Cary Mfg. Co. v. Standard Metal Strap Co.*, 113 Fed. 429 (D. C.):

The court did not find there was *direct infringement*. Surely this is not the present case—the Kaseno Products Co. have been held to infringe.

Relative to *Robbins v. Aurora Watch Co.*, 43 Fed. 521 (D.C.): Two patents were involved, one of which defendant was held to infringe, and the other, Colby patent, he was not. This patent refers only to the locking device in the stem-arbor of a watch. The proof showed

p. 527: “* * * affirmatively that the defendant only manufactures the movements of watches; that it has never made any watch-cases, and has never made any stems or pendants with this locking device; and the complainants admit that the only ground for holding the defendant liable upon this Colby patent is that it is a contributory infringer, inasmuch as its movements are adapted to be used with the Colby pendant, or stem-locking device. I think it is an abundant answer to this claim that the defendant’s movement is adapted to be used with any watch which has the stem-arbor not directly connected with the stem-winding and hands-setting trains. Several such stem-arbors are shown in the proofs. * * *”

This statement of the court exhibits a state of facts surely far afield from those in the present case.

Relative to *Standard Computing Scale Co. v. Computing Scale Co.*, 126 Fed. 639 (C.C.A.): The patent related to scales. The court held (653):

“* * * Testimony was introduced by the appellant which it claims is to the effect that it does not make

any adjustment itself, but makes and sells its scales with provision for such adjustment as the purchaser sees fit to make, and we are not referred to any evidence conflicting with this. Of course, if it made or sold scales having peculiar provision for the intended incorporation therein of a valid patented device of the appellee, it would be liable as a contributory, if the expected incorporation should thereafter be made by another. But if it makes or sells scales having simple adaptations for a proper adjustment, such as was known in the art, it would not be liable if another person should of his own volition put into the scales a form of adjustment patented by the appellee. But we need not decide this question of fact. Assuming for the present purpose that the Mellinger patent in some of the claims shows a patentable improvement of the McNeill invention, we do not find that the appellant makes use of such improvement. * * *

Thus the court clearly points out that if the defendant made scales having peculiar provision for incorporating therein a patented adjusting element, it would be liable as a contributory infringer, if the expected incorporation thereof should be made by another. It is respectfully submitted that this is precisely the situation of the appellants herein. Lilly Co. made and refined the soya bean flour for the express purpose of its being joined with other constituents to make a glue, and the expected incorporation and joining has taken place, because the court has held that the Kaseno Products Co. was an infringer. The court continued and said:

“* * * if it makes or sells scales having simple adaptations for a proper adjustment, such as was known in the art, it would not be liable if another person should of his own volition put into the scales a form of adjustment patented by the appellee. * * *”

It will be noted that the court said “for a proper adjustment, such as was known in the art.” The soya bean flour, on the other hand, as the base for a glue composition, was not known in the art, and the court so held in holding the patent in suit valid and infringed. Therefore, this authority cited by the appellants themselves is authority establishing the appellants as contributory infringers.

Relative to *Cortelyou v. Charles E. Johnson & Co.*, 145 Fed. 933 (C.C.A.): This case is one of a type like the *Button Fastener* case where the machine was supplied to the user with the restriction that the user was to buy its ink from the owner of the patent. That is, to a type of case where the defendant did not supply an element, let alone a distinguishing element, of the patented combination. The court held that the complainants

p. 935: “* * * have not shown sufficient notice of the terms of the license agreement to bring them within the law of the *Peninsular* case.

* * *

p. 936: The proof shows that it made six sales in all of stock ink to be used on neostyles, but it also appears that there were a number of machines in use at the time of defendant's sales which were sold free from all re-

strictions and there is no proof, except in one instance, that there was a 'license agreement' on the machine at the time of the sale by defendant, much less that the defendant knew of the agreement. In no instance did the defendant *solicit the sale; it merely booked orders received.* * * *"

Note well the court says the defendant did not *solicit* the sale, but merely booked orders *received*. Surely this contrasts decidedly with the situation in the present case where appellants frankly admitted that they solicited the sale of soya bean flour from glue manufacturers all across the country (R 231).

Replying to the last case merely listed in appellants' brief, p. 48, *Handel Co. v. Jefferson Glass Co.*, 265 Fed. 286, (D.C.): The patent relates to lamp shade holders. The Jefferson Glass Co. is alleged to have sold to the Jefferson Company:

p. 287: " * * * the plain crystal or opal blank (shade) as it comes from the mold,' which it takes in its unfinished state, finishes, decorates, and fits to the lamp unit which it sells. * * *"

Thus, this is another case of the sale of a blank, and the blank in this case was for a shade, while the patent was for a holder. The court decided this part of the case entirely on the ground that there had been no evidence showing that the Jefferson Glass Co. acted, p. 287:

" * * * in direct collusion and interest with another for the purpose of adjusting to such shade the patented

holder and selling it, so adjusted, as a finished product.
* * *”

It is not seen how the citation of such cases, with facts so different, can be of any assistance to this court in deciding the issues of the present case.

**REPLYING TO APPELLANTS' BRIEF 50, SECTION "E,"
HEADED:**

“Where The Charge Of Contributory Infringement Is Based Upon The Furnishing Of An Essential Part Of A Patented Combination, And The Part Furnished Is Susceptible Of An Innocent Use, Plaintiff Has The Burden Of Affirmatively Proving An Intent That The Part Furnished Should Be Used In An Infringing Way.”

Under this heading, page 50, appellants employ the phrase “guilty knowledge and intent.” It is submitted that the cases do not use this phraseology, and wherever such language is used in the appellants' brief, it is submitted that it is inaccurate, and without any foundation in the authorities.

Appellants attempt to make an infringer a criminal rather than a *tort-feasor*.

Relative to the extract from 48 Corpus Juris, p. 360: Attempts of text book writers to state all inclusively definitions of principles of law, it is submitted, are not to be relied upon apart from the cases. Most of the cases found in the

above statement from Corpus Juris extract have been cited either by the appellants or appellee herein. It is considered that a detailed statement of the cases themselves is more helpful to the court than a discussion of the resume of the text book writer.

Appellants cite the *General Electric Co. v. Sutter*, 186 Fed. 637, (applnts.' Bf. 51), in support of the extract from Corpus Juris. This case involved a patent for electrical distribution, and the defendant was charged as a contributory infringer for supplying to the Allegany County Light Co. four transformers on a single order. The court stated (638):

“* * * the transformers were adapted to other and lawful uses besides the use the Light Company made of them. * * *”

To make the extract fully intelligible, the balance of the paragraph should be given. Immediately after the words “has not been met,” with which the extract ends, the court continued:

“* * * In the first place, the Transformer Company never made such transformers before this order, and *does not contend for a right to do so*. It only undertook to build them to aid in the rapid installment of an amusement park. It knew of the existence of these patents, and the complainant itself by its proofs showed a noninfringing intent on the part of the respondents. Thus complainant's witness Sutter who was a partner in the respondents' firm, testified:

‘A. The question of three-phase-two-phase operation came up, and I told the purchasers' engineer that

we would not supply transformers to him to use in such a manner as to infringe any patents for such a system of operation, and my recollection is that he advised us that the transformers would not be used in a manner to infringe any patents. I may say here that it was of the utmost importance to the purchaser to secure these transformers as quickly as possible, as they had contracted to light the park or supply them current by a certain date, and we were the only company which could make delivery in time to enable the purchaser to carry out the contract. We did no business with this purchaser for a number of years prior to this time, and we felt that they came to us for these transformers by virtue of necessity, as their purchases in this line heretofore, I believe, were made almost exclusively from the General Electric Company and occasionally from the Westinghouse Company.' * * *"

The court expressly mentioned in the part omitted by the appellants that the alleged infringer "does not contend for the right to do so," i.e., supply such transformers. This fact is far different from the one in the present case where appellants on the other hand do contend for a right to continue their infringing conduct, and said appellants have declined from the very beginning and all during the trial to discontinue their infringing acts with respect to the patents in suit, and have only stopped when enjoined by the court from supplying the soya bean flour to glue manufacturers. Note well the court also called attention that this was a single sale, whereas in the present case the sales have continued over a period of years, and even after liti-

gation was started. Surely here there has been shown no immediate emergency where the material was sold in one instance only. The facts stated by the court in the cited case are far afield from those obtaining in the present suit, and the purport of the court's remarks is that under the circumstances of the present case the party would be held contributory infringers.

Replying to the extract in *Whitney v. New York Scaffolding Co.* (C.C.A. 8), 243 Fed. 180, 184, 185, applnts.' Bf. 52: The patent was for a scaffold hoisting device. The next sentence in the first paragraph after the extract is:

“* * * There is no evidence in this case that Whitney ever made or sold a hoisting machine of the type of the Little Wonder which was fitted for or intended by him for use with an unfastened putlog. * * *”

The court then discusses in detail why the Little Wonder, the alleged infringing device, did not infringe, and stated, p. 185:

“* * * And as, even in the case of a hoisting machine consisting of a U-shaped frame and a drum and means for its operation rotatably supported upon the vertical sides thereof, the freedom of the putlog, when in use, from any fastening, and the intended use of the machine broadside to the wall, were deemed essential to infringement, the evidence in this case fails to convince that Whitney ever had any intent or purpose to make or sell the Little Wonders to aid any one in perpetrating such infringement. * * *”

In view of such facts, clearly the construction of the alleged infringing device itself showed that it was not adapted to fit into the patented combination. Also the court stated that there was another reason for not holding the defendant's structure as an infringement, namely, that two of the essential elements of the combination were absent, p. 185.

REPLYING TO THE CONTENTIONS SET FORTH IN SECTION "F," HEADED:

"Soya Bean Flour Is A Standard Article Of Commerce And Is Susceptible Of A Number Of Different Uses" (Applnts.' Bf. 52).

Answering the contention that other concerns in the City of Seattle were milling soya bean flour: What of it, so long as the soya bean flour was for glue purposes, since it has been established that Laucks was the first to introduce soya bean glue (R 199). There is nothing in said statement showing that any of these concerns were manufacturing soya bean flour prior to the establishment of the new soya bean glue industry by appellee. So, therefore, this in nowise argues that soya bean flour was a staple or standard article of commerce. The lack of any significance of this statement is apparent when it is noted that all these parties may have been sending all of their output to Laucks, and "Appellant Lilly Co." states in its letter (R 107), that it understood that Laucks was handling hundreds of tons of this soya bean flour each month. Action

speaks louder than words, and if they had not been supplying their entire output to Laucks, they would find themselves defendants along with the present appellants.

With respect to the statement in appellants' brief, p. 53 that finely ground soya bean meal was used extensively for fertilizer purposes and as feed for stock, it is submitted that the record does not support the claim that *finely ground* soya bean meal was used as fertilizer, but only that soya bean residue cake, or at least meal, was used for fertilizer.

Up to this point, a large part of the contention, in fact for the most part, of the appellants has been that their sale of the soya bean flour has been that of an ordinary article of commerce. They have emphasized those statements in the authorities which distinguish a product that is specially adapted for use in an infringing combination from that of the ordinary staple or standard article of commerce used for a great variety of purposes apart from any patented combination. However, the above evidence, and particularly the admission by the "Appellant Lilly Co." itself that the article was "a comparatively new commodity," absolutely defeats, it is submitted, any contention which they have made on the basis that the soya bean flour, which was sold for glue purposes, was an ordinary article of commerce.

The whole tenor of "Appellant Lilly Co.'s" testimony and the whole tenor of the defense of appellants in the Trial

Court, was likewise that they were only interested in selling a staple or standard article of commerce. However, they failed to establish this contention, and the Trial Court held (R 154) squarely against them on this fact.

Thus on the question of fact, since the Trial Court had before it the witnesses, including "Appellant Lilly," and had before it the exhibits, and had the advantage of judging the demeanor of the witnesses on the stand during a long and extended trial, the Trial Court has found that the soya bean flour was not "an article of commerce having ordinary uses unconnected with the product of the patent," and it is not believed that the appellate court will reverse the Trial Court on this question of fact.

REPLYING TO APPELLANTS' SUB-DIVISION "G—Soya Bean Flour Has Been Used Extensively In Making Non-infringing Soya Bean Adhesives" (appellants' brief 54):

We respectfully direct the court's attention to the fact that there is nothing contained in the assignment of error which would direct the attention of either the Trial Court or counsel for the appellee to the fact that any such argument as this would be raised or any such alleged error of the Trial Court would be urged. In other words, there has been an entire failure on the part of the appellants to comply with rules 11 and 24 of this court. If appellants had intended to rely upon this argument, it would have been incumbent upon

the appellants to have directed the attention of the Trial Court to this contention either by way of a proposed finding of fact or by an exception, setting forth specifically this contention, and there should have been an assignment of error based directly upon this contention, so that the attention of the Trial Court might have been called to the proposed error or so that counsel for appellee might have been enabled to put into the record the evidence introduced at the trial and upon which the Trial Court based its decree.

We respectfully submit to this court that there is not one word contained in the Transcript of Record up to the time appellants' brief was served which would have put counsel for appellee upon notice that any such contention was to have been raised.

For the above named reasons we submit that sub-division "G" should be entirely disregarded as a subject matter for review.

As so well stated by Judge Sanborn in *Sovereign Camp of the Woodmen of the World v. Jackson*, 97 Fed. 382, C.C.A. 8th, 1899:

"Did this assignment 'set out separately and particularly each error asserted and intended to be urged'? Did this specification 'state as particularly as may be in what the decree is alleged to be erroneous'? It stated nothing more than that the decree was erroneous because it was for the wrong party. * * *

None of the errors asserted in the argument, none of the questions of law or fact therein discussed, are pointed out in this assignment particularly or at all. * * * Statement and discussion in the argument of the questions to which we have referred demonstrate the fact that a more particular statement of errors in the decree might have been made than was contained in the assignment, because such a statement was made in the argument. * * * Assignment and specifications of error were required for the purpose of informing the court and counsel for the opposing party what questions would be presented for consideration and review in the Appellate Court. An assignment which fails to point out these questions * * * one which compels court and counsel to look further and to search the brief in order to discover them entirely fails to accomplish the purpose of its being, and is utterly futile. * * * They suggest none of the questions of law or of fact which the argument contained in the brief presents for our consideration.”

This law is so well settled by authorities subsequent to the enactment of rules 11 and 24, C.C.A., that we deem further citation of authorities unnecessary.

In the cited case the appellants actually did make assignments of error but the court held that those assignments of error were too general to constitute a proper basis for the character of argument submitted in the brief, which condition we respectfully submit prevails here as to sub-division “G” above referred to.

Without waiving our objection and specially reserving our objection to its consideration by the court, we will

nevertheless attempt as best we may to proceed to answer the argument by counsel for appellants, even though the statement of facts does not present the evidence contained in the original record as the same was submitted to the Trial Court.

In the "Johnson" brief we clearly pointed out that every formula that Kaseno Products Co. used, as shown by the printed record, was an infringement of claims 3 and 7 of the "Johnson" patent, because every formula used soya bean flour plus sodium fluoride and lime, or equivalents of sodium fluoride and lime, and therefore all the soya bean glue manufactured and sold by Kaseno Products Co. up to the date of trial infringed claims 3 and 7 of the "Johnson" patent. That the chemicals that Kaseno Products Co. did use with their soya bean flour were equivalents of sodium fluoride and lime was proven by appellants' expert chemical witness Wood (R 264-267). Every ton of soya bean glue which the Kaseno Products Co. sold was an infringement of claims 3 and 7 of the "Johnson" patent.

It is true that the record does show that Kaseno Products Co. made soya bean glues without using caustic soda as such and that they did make some soya bean glues without using carbon bisulphide, either directly or indirectly, but the fact still remains that during the time that Kaseno Products Co. admittedly did use caustic soda as such and carbon bisulphide with their soya bean glues, however at the same time

infringing claims 3 and 7 of the "Johnson" patent, that the appellants were at all times furnishing the adhesive base with which these glues were manufactured. In other words, every ton of soya bean glue that Kaseno Products Co. sold from the time they started to make glue, back in 1924, down to the trial, and even down to the granting of the injunction on July 11, 1932, were glues all of which infringed claims 3 and 7 of the "Johnson" patent, and perhaps a greater portion of which infringed the "Caustic Soda" and "Carbon Bisulphide" patents as well.

Under this argument appellants hoped to escape their liability as infringers, saying there were non-infringing uses of the soya bean flour which they sold to Kaseno Products Co. This argument is fallacious and unsound in this—that all the adhesive base they sold Kaseno Products Co. was used in an infringing manner. All of it infringed the "Johnson" patent; part of it the other two patents. As to what portion may have infringed the "Caustic Soda" patent and what portion thereof may have infringed the "Carbon Bisulphide" patent is a matter to be determined on the final accounting and does not affect the decision of the Trial Court that the appellants were guilty of aiding and abetting the Kaseno Products Co. in the manufacture of its glues that did infringe the "Caustic Soda" and "Carbon Bisulphide" patents. The appellants did have knowledge of the existence of the "Caustic Soda" and "Carbon Bisulphide" patents be-

cause they were specifically notified in writing on November 16, 1928 (Ex. 34; R 108). They were there notified that they would be held accountable for their infringing acts. They then knew that they had been sued as contributory infringers because of the sale of their adhesive base to Kaseno Products Co. under the claims of the "Johnson" patent. The position of appellants is simply this:

True, we know that we had been sued as contributory infringers under the "Johnson" patent because of the adhesive base we sold to Kaseno Products Co. True, we did receive notice on the 16th day of November, 1928 (R 108), of the issuance and ownership of the "Caustic Soda" and "Carbon Bisulphide" patents, and that we were warned that we would be held accountable for our infringing acts (although counsel for appellants states that "appellants did not know that appellee owned patents covering the manufacture of glue from soya bean flour" (Bf. 68). True, we knew that the adhesive base we were furnishing to Kaseno Products Co. was used by it in making all its soya bean glues (R 231), but we blinded our eyes and deafened our ears so that we could not know whether Kaseno was using our adhesive base so furnished it under either the "Johnson," "Caustic Soda" or "Carbon Bisulphide" patents, and thus keeping ourselves in ignorance, we could then come into court and say "How do we know which patent Kaseno was infringing in the use of the adhesive base we were furnishing it," and therefore, since we did not know, we are not liable.

We believe the above is a true and correct statement of appellants' position. Stripping all of the verbiage and embellishments that counsel for appellants have sought to throw

around themselves, nevertheless, this is exactly their defense to the charge of contributorily infringing the two patents in suit. The mere statement of their proposition is self convicting. They can not play "hide and seek" with a court of equity. They can not thus blind their eyes and deafen their ears to the actual facts and escape liability. After they were sued under the "Johnson" patent and received notice of the patents in suit, then they were charged with the duty of knowing whether or not the adhesive base they were furnishing to Kaseno Products Co. was or was not used in violation of the claims of the "Caustic Soda" and "Carbon Bisulphide" patents. It is no defense to say they did not know. They were charged with the obligation and duty of knowing. They are pleading their defense in a court of equity and a court of equity does not lend a helping hand to guide the confessed wrong doer out of the maze of its wrong doings.

We, therefore, respectfully submit that the record in this case unequivocally proves that the Kaseno Products Co. from the time it first commenced to sell soya bean glues up to the date of trial did not sell a pound of such glue that did not infringe some or all of the three patents in suit. Every pound infringed claims 3 and 7 of the "Johnson" patent and a great portion of the remainder infringed the claims of the "Caustic Soda" and/or "Carbon Bisulphide" patents found valid and infringed by the court. That "Appellant Lilly Co." knowingly, intentionally and for the purpose of having

it so used, did furnish the soya bean adhesive base for these glues—this for their own financial aggrandizement.

It must be remembered that this case was started on February 14, 1929, and certainly on that date appellants knew they were charged with selling soya bean adhesive base which infringed the "Caustic Soda" and "Carbon Bisulphide" patents. They knew they were charged with acting in concert with Kaseno Products Co. to invade the patent rights of appellee. They knew that the Kaseno Products Co. was using carbon bisulphide and caustic soda in the manufacture and sale of its glues. Does the record disclose that even after such suit and notice that the appellants desisted in the sale of their soya bean adhesive base to Kaseno Products Co.? On the contrary, they continued with such sale up to the very date of the granting of the injunction on the 11th day of July, 1932. There has not been one argument submitted by counsel for appellants or one authority cited which could or would relieve appellants from the liability for the sale of their soya bean adhesive base to Kaseno Products Co. after the commencement of this present suit February 14, 1929.

The Circuit Court of Appeals (Seventh Circuit) in the case of *Solva Waterproof Glue Co. v. Perkins Glue Co.*, 251 Fed. 64, at page 73, speaks in the following language:

"Can a manufacturer, by producing a glue base under the conditions of this case; which is not an invention but which may be used, and some of which, the court

finds from the evidence, is intended to be used in a process which is not in itself, but only in combination entitled to patent protection, be decreed guilty of contributory infringement, notwithstanding no attempt is made by the alleged contributory infringer to so use the final step himself, and which glue base can be and is sometimes used to manufacture other commercial adhesives than glue, though appellee uses it for making glue only? We think so, and hold that appellant, the Solva Glue Manufacturing Company, was a contributory infringer of the final product and of the final process. The rule of law in such case is that one who makes and sells one element of a patented combination with the intention and for the purpose of bringing about its use in such a combination is guilty of contributory infringement, and is equally liable with him who organizes the complete combination. *Thomson-Houston Electric Co. v. Ohio Brass Co. et al.*, 80 Fed. 712, 26 C.C.A. 107, * * *." (Citing many cases.)

What is the probative effect of the argument used by appellants that "Appellant Lilly Co." besides selling glue to Kaseno Products Co. has sold glue to other manufacturers located throughout the United States, and that said sales have been made to these people in tons and carload lots? The fact that appellants did sell so extensively their infringing soya bean adhesive base is an unanswerable reason why the Trial Court granted its injunction against them and is the most persuasive and conclusive reason why this court should sustain the Trial Court in the granting of such injunction. The pertinency of the contention that "Appellant Lilly Co.," besides selling soya bean glue to Kaseno Products Co., sold

soya bean glue to manufacturers throughout the length and breadth of the land, is not understood.

Showing such large extent of its sales merely emphasized the widespread activities and magnitude of its operations in invading this new field of industry established by the appellee and shows the positive determination of the appellants, unless enjoined by this court, to continue its piratical conduct.

IN REPLYING TO SECTION "H," headed:

"Appellee Failed Completely to Prove Any Guilty Knowledge or Intent on the Part of Appellants, While Appellants by Undisputed Proof Showed Lack of Knowledge of Infringement or Intent to Aid in Infringement."
(Appellants' brief p. 65.)

On pages 65 to 72 appellants repeat contentions that have been for the most part already answered. Furthermore, the argument under this head bears little change from that contained in the "Johnson" brief and most of it is applicable, if at all, to the "Johnson" patent rather than to the "Caustic Soda" or "Carbon Bisulphide" patents. Inasmuch, however, as it is contained in the brief of appellants in this case, we will not deal with the same at length.

On page 65 appellants state:

"Appellee failed to show that Appellants had any knowledge that Kaseno Products Co. was making an infringing glue."

Such ignorance on the part of appellants is hard to believe. The suit under the "Johnson" patent was started on March 27, 1928. The suits on the "Caustic Soda" and "Carbon Bisulphide" patents were started February 14, 1929. How can it be said that "Appellee failed to show that Appellants had any knowledge that Kaseno Products Co. was making an infringing glue?"

Reference is made to a conversation had with Mr. Laucks on April 19, 1928, after the commencement of the "Johnson" suit (R 229-230), where counsel for appellants say no notice was given to appellants that appellee claimed any rights under any patents. It will be remembered that this is the conversation where Laucks offered to take "Appellant Lilly Co.'s" entire output if it would cease selling to any other manufacturer of soya bean glue, and offered to dismiss the Johnson suit against appellants. "Appellant Lilly Co." refused this proposition, and yet appellants say "Appellant Lilly" had no knowledge that appellee owned any patent rights. If so, why this conference and offer?

We have heretofore directed the court's attention to the history of appellants' connection with Kaseno Products Co. and their supply to Kaseno Products Co. of Kaseno's infringing glue base. We have directed the court's attention to the appellants' statements in the Arabol letters, where they refer to a water-resistant, water-proof soya bean glue which had supplanted casein. There was only one glue made that would

have answered the description given in the Arabol letters, and that was a soya bean base, plus caustic soda, plus carbon bisulphide, as indicated in column 5 of Ex. 128. It is respectfully submitted that in view of the great length at which this matter has been treated, both in the "Johnson" brief and already in this brief, the time of the court should not further be taken. Suffice it to say that the record is replete with proof that appellants knew of the existence of the "Caustic Soda" and "Carbon Bisulphide" patents; that they knew or must have known Kaseno was using both caustic soda and carbon bisulphide, and that they absolutely knew it after this suit was commenced, because here they were charged with contributorily aiding and abetting in such infringement. Nevertheless, appellants continued to persist with their wrongful sale of their adhesive base up to the date of the injunction granted in the Trial Court. We hesitate to longer impose upon the time of the court to deal with such ill-founded statements of fact and conclusions drawn therefrom. An example of such statements being contained in the first three lines, page 68, of appellants' brief.—"Appellants did not know that appellee owned patents covering the manufacture of soya bean flour."—

Another illustration (applnts.' Bf. 69):

"The evidence failed to show that the soya bean flour sold by Appellant Lilly Co. was sold with the intention or for the purpose of bringing about its use in the patented combinations claimed by Appellee."

This statement in the face of the fact that the written stipulation of appellants is that they did sell the soya bean flour to be used as an adhesive base in the manufacture of Kaseno Products Co.'s glues. This in the face of the commencement of the "Johnson" suit approximately one year before the present suit. This in the face of the written notice given to appellants of the existence of the "Caustic Soda" and "Carbon Bisulphide" patents, to say nothing of the conference in which "Appellant Lilly" refused the offer made to him by appellee. This whole argument, under "H," is based, so far as the "Caustic Soda" and "Carbon Bisulphide" patents are concerned, positively upon unsound and fallacious statements of fact.

Again, on page 70, they state:

"The evidence showed without contradiction that they had no knowledge of the patent * * *."

Appellants make statements in the Arabol letters as follows: That this "new commodity," that this "new adhesive base," when manufactured into a glue had entirely supplanted casein in the veneer industry of the Pacific Northwest; that it was a "waterproof" glue and that I. F. Laucks, Inc., was making hundreds of tons of it each month; and that they are selling to one glue manufacturer on the Pacific Coast, who turns out nothing but glue and is using four or five cars monthly (which incidentally was Kaseno Products Co.). Here appellants are referring to soya bean base, plus caustic

soda, plus carbon bisulphide glue, being the glue described in column 5, chart 127, this brief. This is the one and only glue which in 1928 "on this coast" "replaced casein" and was being sold by Laucks in hundreds of tons per month, and the only one, therefore, that did respond to their identification in the Arabol letters. Does it stand to reason that the appellants would be soliciting every glue manufacturer in the United States whom they thought would be interested in buying glue, and yet would not have known something of how this newest, highest type casein supplanting glue was made? It was then known throughout the industry that it was the added carbon bisulphide and the added caustic soda that gave this glue its prestige. There was nothing secret about the addition of caustic soda and carbon bisulphide. They were liquids added at the veneer plants, open to all to know. It was to the same veneer plants that these same appellants were sending samples when it was advised that they wanted to make their own glues. Does it stand to reason that appellants did not know what these veneer plants were doing, especially when these appellants are located in the City of Seattle, the very heart and center of this new glue industry? Does it stand to reason that the appellants were ignorant, as they allege, when they—as old and large a concern as they are—did install new machinery and new equipment to handle the manufacture, and embarked upon a nation-wide marketing campaign of this adhesive base, which they were

selling in carload quantities, without acquainting themselves with:

1. The extent of the possible business in this field;
2. The probability of that demand continuing.
3. The existence of the two distinguishing elements that made this glue what it was, viz., carbon bisulphide and caustic soda? This argument of appellants would almost seem an affront to intelligence.

We respectfully submit to this court that the entire record, relative to the patents in suit, is so clear and convincing as to the knowledge and intent of appellants in the furnishing of the adhesive product to Kaseno Products Co. to be manufactured by the Kaseno Products Co. into a soya bean glue using caustic soda and carbon bisulphide, that there is no occasion for further comment.

ADMISSION OF ARABOL MANUFACTURING CO.'S LETTERS (R 104-106)

Error is predicated upon the admission of the Arabol letters in evidence. The objection made to their admissibility was that they were not material. No further objection was made. The objection was by the court overruled. We respectfully submit that the letters speak for themselves. Under the bill of complaint in this cause the appellants were charged with the commission of a continuous tort, a continuous wrong doing. The record is that they persisted in

this continuous wrong doing up until the very close of the trial in 1931. The Arabol letters show the intent of the appellants in the performing and carrying out of their illegal acts. For that purpose the letters were clearly admissible. They were further admissible on the following grounds:

1st—To show the intent of the appellants.

2nd—To show they were endeavoring to induce others to infringe the patent.

3rd—That it is an admission of their wrongful acts.

4th—That it is an admission that the product they were manufacturing as a glue base was new, was specially prepared, specially processed, and specially adapted to the manufacture of an infringing glue from soya bean flour.

REPLYING TO THAT SECTION OF APPELLANTS' BRIEF HEADED:

**“Argument Point II—Appellant Wilmot H. Lilly
Should not be Held Liable in Any Event.”,**

appellants' brief 72, the various cases cited under the sub-heads A and B are from the following circuits: Four from the 7th Circuit, six from the 2nd Circuit, and one each from the 3rd, 6th and 8th Circuits. Six of the cases are D. C. cases. In many of the cases, little discussion as to the merits of the question occurs.

As respects the *American Machinery Co. v. Everedy Machinery Co.*, 35 Fed. (2nd) 526: This is a District Court

case and was tried in the 3rd Circuit. This case follows the ruling in the 7th Circuit, and no reference is made to the ruling of the Circuit Court of Appeals for the 3rd Circuit, evidently through some error of the court. The ruling of the 3rd Circuit on the matter here involved is set forth in *Hitchcock v. American Plate Glass Co.*, 259 Fed. 948, where the 3rd Circuit Court of Appeals through Judge Woolley stated on page 953:

“When a corporation infringes in obedience to the command of an officer with power to cause the corporation to commit or refrain from committing the infringing act, and when that officer participates in and contributes to the infringement, they are in the eye of the law joint tortfeasors and both are liable, in the same or in different measures according to the circumstances, for the injuries they have jointly inflicted upon the one whose rights they have jointly invaded. * * *”

“* * * that Cruikshank’s relation to it was personal and his dominance over it complete * * *. We find that Cruikshank completely dictated and dominated the business acts of the Glass Machinery Company, including its infringing acts. * * *”

“Appellant Lilly” himself testified (R. 228):

“* * * I have interviewed anyone that I thought might have any use for soya bean flour. * * *”

As respects the law on this subject in the 1st Circuit, we respectfully refer the court to *National Cash-Register Co. v. Leland*, 94 Fed. 502, C.C.A. 1, where the court, speaking through Judge Lowell on page 510 refers to the case of *Belk-*

nap v. Schild, 161 U. S. 10, 16 Sup. Ct. 443, which was a case where the military authorities of the United States were sued for patent infringement for the use of patented devices in their official capacity as officers of the United States Government. The Supreme Court of the United States, as respects the liability of the individual officers, stated:

“* * * ‘though acting under order of the United States, are personally liable to be sued for their infringement of the patent,’ and a plea that the defendants only operated and used the infringing article as officers, servants, and employes of the United States was overruled.
* * *”

Thereafter, on page 511, Lowell states:

“* * * We are of opinion, therefore, that by the general principles of law, and by analogy with other torts, a director of a corporation, who, as director, by vote or otherwise, specifically commands the subordinate agents of the corporation to engage in the manufacture and sale of an infringing article, is liable individually in an action at law for damages brought by the owner of the patent so infringed. As with other infringers, it is immaterial whether the director knew or was ignorant that the article manufactured and sold did infringe a patent. * * *”

It will be noted that the appellants cited no decision from the 9th Circuit.

As respects the 6th Circuit: The appellants have referred to the case of *D'Arcy Spring Co. v. Marshall Ventilat-*

ed Mattress Co., 259 Fed. 236 (applnts.' Bf. 73). The quotation which the appellants have taken from this case is incomplete, and if the quotation is continued, it will show the exact position of the 6th Circuit, and will show the following, p. 242:

“* * * As to the propriety of making such a managing and directing officer as D'Arcy was a defendant in order that he may be personally bound and enjoined, we have already expressed our approval of the view in the First Circuit, rather than that in the Seventh. *National Co. v. Leland* (C.C.A. 1), 94 Fed. 502, 507, 511, 37 C.C.A. 372; *Cazier v. Mackie Co.* (C.C.A. 7), 138 Fed. 654, 71 C.C.A. 104; *Proudfit Co. v. Kalamazoo Co.* (C.C.A. 6), 230 Fed. 120, 140, 144 C.C.A. 418. For this purpose and to this extent we consider D'Arcy an 'active participant,' within the exception specified in *Western Co. v. Northern Co.* (C.C.A. 6), 135 Fed. 80, 89, 67 C.C.A. 553. If so, he is liable for the costs of the defense which he actively directed. * * *”

Thus the authorities cited by the appellants are confined primarily to the 7th and 2nd Circuits to support their contentions.

In our Circuit we have the case of *Graham v. Earl*, 92 Fed. 155, 157, 160 (C.C.A. 9th), where it is stated:

“* * * We are unable to agree with the opinion thus expressed, that only those persons can be held for damages 'who own, or have some interest in, the business of making, using, or selling the thing which is an infringement.' It is well settled that a mere workman or servant who makes, uses, or vends for another, and under his immediate supervision, a patented article, is

not liable in an action at law for damages which may have been sustained by the patentee by reason thereof. This rule is an apparent exception to the general principle of law which makes all who participate in a tort of misfeasance principals, and liable for damages therefor; and we do not think it should be so extended as to exempt from liability the general manager of a business which infringes upon the exclusive right of a patentee to make, use, and vend the invention protected by his patent. Such an agent, to use a word sometimes employed in the discussion of the law relating to fellow servants, may be regarded as a vice principal, and he should be held responsible in damages for any action of his in the transaction of the business thus placed under his management which is in violation of the rights of another. In this case the plaintiff in error, as the general manager in this state of this particular branch of the business of Armour & Co., voluntarily entered into contracts which contemplated the use of the Kerby device; and we do not think it is at all material that he engaged in this work for a stated salary, rather than reserving to himself a share of whatever profits his principals might make by reason of such unauthorized invasion of rights secured to defendant in error by his letters patent. Upon the facts appearing here, we are clearly of the opinion that the plaintiff in error may be said to have authorized the use of the Kerby device when he entered into the contracts before referred to, and is equally answerable with his principals for damage on account of the wrong thus done to the defendant in error. * * *

Cramer v. Fry, 68 Fed. 201, 212, D. C. Cal. This case arose in this Circuit and Judge McKenna expressly refused, page 212, to dismiss the action on the defendant's motion,

“* * * on the first point, to-wit, that defendant is only the agent of the Singer Sewing-Machine Company.* **”

The principle of holding officers liable is affirmed in the recent case of *Claude Neon Electrical Products, Inc., v. Brilliant Tube Sign Co. et al.*, 48 Fed. (2d) 176 (C.C.A. 9th). The exact ruling being as follows:

“* * * * The appellees Wallace, Cairns, Christensen, and Beem were the organizers, and are now officers, of the appellee Brilliant Tube Sign Company, and the question of their liability for damages has been discussed in the briefs. That question will be left to the determination of the court below, where other facts affecting their liability may be adduced on the accounting. In so far as the injunctive relief is concerned, they are proper parties to the suit, and the injunction will run against them, although they will be equally bound by an injunction against the corporation of which they are officers. * * *”

It is to be noted that this Circuit Court of Appeals found that the individual defendants were organizers and officers of the defendant company. On this showing the Circuit Court of Appeals left the question of liability to the

“* * * determination of the court below, where other facts affecting their liability may be adduced on the accounting. * * *”

In other words, the Circuit Court of Appeals granted an accounting and the exact nature of the liability to be there determined.

The Trial Court in the present case made exactly this ruling. In paragraph 9 of the decree the Trial Court directed as follows (R 161):

“* * * Evidence relative to both the profits and/or damages and evidence relative to the joint and/or several liability of said defendants for their infringing acts will be received by the hereinafter named Master of this Court.”

In other words, the Trial Court referred the case to the Master to determine the nature and amount of the liability of the individual appellant, Lilly.

In view of the recent holding in the *Claude Neon* case, it is submitted that this is well within the authority of the Trial Court.

Appellant, Lilly, stated (R 233):

“* * * I am the president and general manager of the Chas. H. Lilly Co. and have been such since 1927 or 1928. * * *”

The same witness stated (R 228):

“* * * I have interviewed anyone that I thought might have any use for soya bean flour. * * *”

The decision declining the proposal of a contract by Laucks to take all “Appellant Lilly Co.’s” product, if they would desist from infringing by supplying others, and to dismiss the suit then pending, was made entirely by appellant, Lilly (R 229, 230). Thus the deliberate determination to continue in the face of litigation then pending for infringe-

ment was entirely made by appellant, Lilly. Surely this was willful and determined action on his part to persist in their course of supplying to glue manufacturers the distinguishing element of the glue combination, and the above acts of personally soliciting the orders for this soya bean flour shows a personal activity. Since he was in direct control as president and manager of the corporation, it establishes that he steered the corporation directly into the channel of contributory infringement in order to secure a market for the soya bean flour.

The Trial Court stated (R 150):

“* * * It is alleged * * * that the defendant, Wilmot H. Lilly, is the President of the Chas. H. Lilly Co., and directs and controls all of its acts and is directly and personally in charge of conducting the infringing acts of said company of which complaint is made. The evidence has established that the defendant, Wilmot H. Lilly, as alleged, directs and controls the acts of his company. * * *”

Manifestly, the evidence amply supports this finding of the Trial Court. In conclusion, it is submitted that Wilmot H. Lilly should be held to account for his direct participation in the infringing conduct which directly brought about the infringement by the corporation.

REFERRING NOW TO:

“Argument Point III” (p. 80 appellants’ brief) “Appellee Should Not Be Awarded Costs in Any Event.”

This portion of appellants’ argument is evidently founded upon Assignment of Error No. 20:

“20. Because the Court erred in giving and entering a judgment against these defendants, the Chas. H. Lilly Co., and/or Wilmot H. Lilly, for costs.” (R 184.)

It will be observed that this Assignment of Error is entirely too broad. We have heretofore advised this court of the extent of the record in the Trial Court. In that voluminous record there are many elements which might enter into the question of costs.

WE RESPECTFULLY SUBMIT THAT THIS COURT SHOULD NOT CONSIDER the “Argument Point III,” page 80 of appellants’ brief, for the reason that the assignment of error upon which the argument is based is wholly insufficient to comply with rules 11 and 24 of this court. If in this assignment of error appellants intended to base the same on the matter of the filing of the disclaimer, they should have “put their finger upon this point” in order that counsel for appellee might have prepared the record in relation there-

to so that this court would have before it the same record that was before the Trial Court at the time of rendering its decision. The failure of the appellants to do this has afforded them an unfair advantage in this, that the printed record on appeal does not set forth the record in the Trial Court relative to the testimony introduced in the matter of the disclaimer or the reasons why the disclaimer was filed. The argument of counsel under this point as it appears in this court on the record, is utterly unfair to the Trial Court and unfair to this court, for the reason that it does not afford this court the same evidence as was presented to the Trial Court and upon which the Trial Court based its decision. The authorities submitted in support of our argument as to objection to sub-division "G" of appellants brief apply with equal force to this objection.

Without waiving our objection, and specifically insisting thereon, we will nevertheless answer as best we may the contention of appellants from the limited printed record. In so doing reference may be made to matters now outside the printed record, in order to make our argument intelligent.

Appellee did not see fit to make its Assignment of Error definite; neither did it in any wise attempt to support the

Assignment of Error by any portion of the record other than the printing of the disclaimer itself. The facts of the matter are that it was the position of the appellee in the Trial Court that any attempt on the part of the defendants in the Trial Court to read into the teachings of the "Caustic Soda" patent any reference to "chemically isolated or chemically extracted vegetable protein" was wholly without any foundation in fact so far as the specification and claims of said patent were concerned. Within the four corners of the patent you will not even find the *words* "chemically isolated or chemically extracted vegetable protein" mentioned, either in the claims or the specifications. Neither will you find any *reference* to either "chemically isolated" or "chemically extracted" soya bean or vegetable protein. It will be observed that the disclaimer relates only to "chemically isolated or chemically extracted vegetable protein." It was the contention of the appellee in the Trial Court that the attempt to interject into the teachings of the "Caustic Soda" patent any reference to "chemically isolated or chemically extracted vegetable protein" was an entire surprise to the appellee, and the appellee thereupon caused to be filed in the United States Patent Office, a disclaimer as to any such interpretation or construction of the specifications or claims of the

“Caustic Soda” patent. Many pages of the typewritten record in the trial court were devoted to an attempt on the part of the defendants to so construe and interpret the specification and claims of the “Caustic Soda” patent as to include therein “chemically isolated” or “chemically extracted vegetable protein.” All of this evidence was rebutted by the appellee. Not one word of all this is contained in the printed record.

When the time came for the Trial Court to determine the matter of costs, the Trial Court in paragraph 11 of its decree (R 162) found that the “plaintiff” should recover from the “defendants,” including The Chas. H. Lilly Co. and Wilmont H. Lilly, “either severally or jointly, or any of them, its costs in this Court in the amount of \$797.56.”

Every intendment must be construed in favor of sustaining the decision of the Trial Court. The Trial Court in awarding a judgment against the appellants for costs could rightfully and in all probability did base its decision upon the proposition that the appellants had made no showing sufficient to convince the Trial Court that the specification and claims of the “Caustic Soda” patent could be so interpreted or construed as to bring within the scope or import

thereof, "chemically isolated" or "chemically extracted" vegetable protein. This was a question of fact. The Trial Court had before it the witnesses whose testimony at length attempted to support this theory of the appellants. The Trial Court had the opportunity to observe the witnesses and, taking into consideration all the matters and things that went into the lengthy record of this trial, the Trial Court could have well concluded that the appellants had wholly failed in this contention.

Inasmuch as the appellants did not see fit to place in the printed record one single word of any of the evidence introduced before the Trial Court in support of the theory that the specification and claims of the "Caustic Soda" patent could be so interpreted or construed as so to bring within the scope or import thereof, "chemically isolated or chemically extracted vegetable protein," this appellate court has before it no evidence in relation thereto. In the absence of any such evidence in the record, this court must of necessity affirm the judgment of the Trial Court. The evidence contained in this regard as to whether or not an adhesive sufficient to meet the rigid requirements of the veneer industry could be made from chemically isolated or chemically extracted soya bean protein has nothing whatsoever to do with the question of whether or not such teachings were contained within the specification and claims of the

“Caustic Soda” patent. This testimony, as we have heretofore stated, was introduced at the time of trial for the sole purpose of determining the effect of carbon bisulphide upon the fibrous matter of soya bean flour. In chemically isolated or chemically extracted protein there is contained no cellulosic or fibrous matter. It was the contention of the appellee that carbon bisulphide reacted upon both the fibrous and/or cellulosic material of the soya bean flour as well as the protein. It was the contention of the appellants that carbon bisulphide acted solely upon the fibrous or cellulosic material of the soya bean, and it was for the purpose of determining this question that the evidence of I. F. Laucks (R 236-249) was introduced in evidence. This is likewise true of the testimony of Dr. Henry V. Dunham (R 249-251), the testimony of E. Sutermeister (R 255), and the testimony of Dr. Herman V. Tartar (R 261). None of this testimony had anything whatsoever to do with the evidence introduced by the appellants in the Trial Court as to their theory that the specification and claims of the “Caustic Soda” patent might be so interpreted or construed as to bring within the scope or import thereof, chemically isolated or chemically extracted soya bean protein. As a matter of fact, the testimony of Herman V. Tartar (R 261) states that his experiments were made with isolated protein of soya bean. The testimony of E. Sutermeister (R 255), relating to Exhibit 86, stated they were therein using isolated protein as an ad-

hesive base. The same is true of the testimony of I. F. Laucks.

There is a vast difference between (A) "mill extracted" or "mill purified" protein of soya bean, a condition which can be brought about by "mill processed" and (B) "chemically isolated" or "chemically extracted" protein, which was the subject matter of the disclaimer. By the term "isolated protein" may be intended either "mill extracted protein" or "chemically extracted protein." The disclaimer related solely to "chemically extracted" or "chemically purified" protein. A great deal of evidence was introduced in the Trial Court covering this exact distinction, not one word of which is shown in this record. Appellants' statements ignore this distinction.

We therefore respectfully submit that there is in the record before this court no testimony upon which this court can determine that the decree of the Trial Court in awarding a judgment against these appellants was incorrect. It should never be the intent or purpose of an appeal, to ask the Appellate Court to pass snap judgment upon the decision of the Trial Court. If the appellants are dissatisfied with the decision of the Trial Court or think the Trial Court has committed error in its decision, then it is incumbent upon the appellants to produce before the higher court the record upon which the Trial Court passed, so that the Ap-

pellate Court may be in as fair a position to pass upon the action taken by the Trial Court as was the Trial Court itself. When the appellants fail in this duty, then this court will not attempt to reverse the action of the Trial Court as to such matters.

Counsel for appellants, on page 84 of their brief, make the following statement:

“Inasmuch as the prior art had taught the use of chemically extracted protein combined with the agents referred to in the patent, it was necessary for Appellee, in order to sustain its patent, to file a disclaimer and to claim as the real invention only the combination of the whole residue of the beans with the designated chemicals.”

This is purely a conclusion of the writer of the brief, unsupported by any evidence contained in the record before this court. This conclusion drawn by the appellants is diametrically opposed to the basis upon which the Trial Court entered its judgment of costs against the appellants.

As we have heretofore stated, the judgment of the Trial Court might well be and supposedly was founded upon the finding of the Trial Court; that this conclusion, above quoted, by the appellants was wholly unsupported by the testimony, and if wholly unsupported by the testimony, then of course the filing of such disclaimer could have no ultimate effect upon and determination of the question of costs.

It was the position of the appellee in the Trial Court and is here, that the specification and claims of the "Caus-tic Soda" patent could not be so interpreted or construed as to bring within their scope or import, "chemically isolated or chemically extracted soya bean protein." And in order to quiet for all time any attempt on the part of any infringer to set up such defense, the disclaimer was filed in the Patent Office. The Trial Court must have found with the appellee upon this phase of the case. It would indeed be a disastrous rule of law which would permit an infringer to escape the costs of trial if he would be permitted so to do by the subter-fuge of placing a wholly strange and erroneous construction upon a patent, thus compelling the patentee either to go through a long and arduous trial in rebuttal of said erroneous construction or by filing a disclaimer thereof. If he files a dis-claimer, then the infringer will seek to avoid costs. If he does not file a disclaimer, the patentee will be ruined be-cause of the extended expense of the litigation. This was never the intent or purpose of the patent law and courts will not tolerate such attempts.

We respectfully submit that the Trial Court has found against the contention of the appellants; that the appel-lants have introduced no record to this court upon which to reverse the finding of the Trial Court. Therefore, the judgment of the Trial Court as to costs should be affirmed.

The law is that so long as the disclaimer filed does not affect any claim of the patent, then the filing of such disclaimer in no wise affects the costs. The disclaimer filed in this case in no wise affected one single claim of the patent in suit and the appellants have not pointed out in their brief that any claim was so affected by the disclaimer. On this question the law is clear.

The disclaimer (R 100) it is to be noted, disclaims:

“* * * any interpretation or construction of the specification or claims of the said Patent which brings within the scope or import of the specification or claims of said patent chemically isolated or chemically extracted vegetable protein. * * *”

The court will please note that there is no disclaimer of any claim. Where no *claim* is disclaimed, it is held that the statute as to costs does not apply, see the Circuit Court of Appeals decision in the 3rd Circuit, *Stetson Hospital v. Snook-Roentgen Mfg. Co.* (C.C.A.) 245 Fed. 654. Therefore, since the disclaimer did not disclaim any claim, it is submitted that the contention of the appellants that no costs should be decreed against them, is not well founded. The appellants do not cite any case wherein costs were denied under the disclaimer statute, where no claim was disclaimed.

R. S. 4922, 35 U. S. C. A., sec. 71, p. 613, does not apply where a disclaimer is not necessary to uphold a patent (see *National Electric S. Co. v. De Forest Wireless Tel Co.*, 140 Fed. 449, 455, C. C.):

“The statutes restricting costs upon filing a disclaimer after suit seem only to apply where a disclaimer is necessary to upholding the patent, and is filed for the purpose of saving it. That is not the situation here. No part of the invention set forth to which the claims held valid apply needs to be disclaimed to make or leave them valid.

The doubt about those in question not held to be valid arises from their description of what is claimed, and not from failure of right of the patentee to what they might have covered. The various forms of claims for the same thing need not all be valid; and those that for indescription are not valid need not be disclaimed in order to recover upon those that describe the actual invention. That costs were not mentioned was not intended to indicate that they should not follow the recovery. The decree is made to conform to these views.”

To the same effect, see *Sharp v. Tift*, 2 Fed. 697, 701 (C.C.) where it was held that the section of the statute does not apply where the disclaimer was not necessary to sustain the patent, to the extent that it was held valid. The justification of this rule is found in examination of R. S. 4922 itself. It reads:

“Whenever, * * * a patentee has in his specification claimed to be the original and first inventor or discoverer of any material or substantial part of the thing patented, of which he was not the original or first inventor or discoverer, etc.”

Note that he must have claimed a part of which he was not the original inventor or discoverer. But since the claims did not include the term “chemically isolated protein,” or

“chemically extracted vegetable protein,” and since the disclaimer, therefore, did not disclaim any claim to save the patent, it is clear how unfounded the contention of the appellants is with respect to the items of not allowing costs. Also note that the wording requires that the part claimed must be a material and substantial part.

Respecting “substantial part,” see *Draper et al v. Wattles*, 81 Fed. 374, C. C., where the circuit Judge Lowell said:

“This power to award or refuse costs, in whole or in part, may prove to be useful in the very long and expensive litigations which are so much in vogue at the present time, and I should be unwilling to abdicate that power. But this case seems to come within that general rule, which is adopted in all courts of equitable jurisdiction, that a plaintiff is not to be refused his costs merely because he may not have recovered all that he has in good faith and with reasonable prudence supposed himself to be entitled to. The parties cannot always foresee what the evidence may be to meet their apparently sound case. *Especially is this true in patent causes, in which the history of the art is often developed for the first time in the course of the suit. If the invention has been anticipated in any substantial part, the statute deals with the costs.*”

Accordingly, since the express terms of the statute do not require the court to surrender their discretionary power to adjudge costs if they feel that the equities of the case so require, the above cases are eminently right and just. Any statute that would undertake to take away this long established power of a Court of Equity, would have to be,

by all rules of construction, clear and definite and would force the Court to adopt an unreasonable position with respect to a disclaimer which was not necessary to save the patent, and which disclaimer was not necessary to sustain the patent to the extent it was held valid.

In support of their contention, appellants cite *O'Reilly, et al., v. Morse, et al.*, 56 U. S. (15 How.) 62, 14 L. Ed. 601. The first part of the paragraph from which the extract is taken is as follows:

“ * * * It appears that no disclaimer has yet been entered at the Patent Office. But the delay in entering it is not unreasonable. For the objectionable claim was sanctioned by the head of the office; it has been held to be valid by a circuit court, and differences of opinion in relation to it are found to exist among the justices of this court. Under such circumstances the patentee had a right to insist upon it, and not disclaim it until the highest court to which it could be carried had pronounced its judgment. The omission to disclaim, therefore, does not render the patent altogether void; and he is entitled to proceed in this suit, for an infringement of that part of his invention which is legally claimed and described. But as no disclaimer was entered in the Patent Office before this suit was instituted, he cannot, under the Act of Congress, be allowed costs against the wrong-doer, although the infringement should be proved. And we think it is proved by the testimony. * * * ”

Thus it appears that what was involved was the disclaiming of a claim, namely claim 8, and, therefore, the disclaimer is not like that involved in the present case.

Relative appellants' citing of *Silsby v. Foote*, 61 U. S. (20 How.) 378, 15 L. Ed. 953 (applnts.' Bf. 82): The report of the decision seems unsatisfactory, as it fails to set out the date of the disclaimer.

Referring to Brodix's Am. & Eng. Patent Cases, Vol. 6, p. 392, 398: The disclaimer, as shown, in this Brodix's report did involve a certain part of a claim, so that this case is likewise differentiated from the disclaimer in suit. Likewise in the case of *Sessions v. Romadka* cited by appellants (Bf. 82), the disclaimer dealt with certain claims, and is thus differentiated from the disclaimer in the present suit. See page 614 where the court stated:

“ * * * The court below was evidently inclined to this opinion, but permitted the plaintiff to enter a disclaimer of all the claims but the one in suit. * * * ”

The same remarks above apply to appellants' citation of *Hailes v. Albany Stove Co.*, 123 U. S. 582; 31 L. Ed. 284 (Bf. 83). On page 286 it appears that the disclaimer struck out a part of a claim. There was no question about costs in this case, because the disclaimer affected claims overcoming anticipation by the prior art (p. 285).

All the above cases cited by the appellants were cited in their brief in the trial court, and likewise the cases cited by the appellee were given in answer thereto, and it was pointed out that in no case did the appellants cite any case

where costs were denied, where the disclaimer did not strike out a claim. Manifestly, appellants have still been unable to find any authority to sustain the denial of costs where no claim was disclaimed.

SUMMARY

Appellee relying on the patents in suit, created and introduced a new industry, viz., water resistant soya bean flour glue, used in carload lots by the plywood industry.

The new glue displaced the casein glue then in use in all the veneer plants on the Pacific Coast, p. 10. The base of this new glue was soya bean flour made from the seed residue after expressing the oil. This residue previously was a waste product chiefly used for fertilizer. After the new glue industry was a proven success, appellants located in the same city with appellee, commenced milling the new glue base, soya bean flour, ground to glue specifications and installing new machinery to keep pace with the increased business. This product was admitted by them as new, p. 12. Appellants were not satisfied with supplying infringing glue companies, but undertook a nation-wide campaign to induce other glue companies to adopt the new glue base in their glue, appellants offering to supply samples and information. So new was the new product, appellants even presumed it was necessary to inform and write the largest glue company in the world, advising it of the existence of this

new glue base, urging them to adopt this new flour as a glue base. In this ambitious step taken eight months after one suit had been commenced, the success of appellee was used to promptly convince the prospect that the new base was not an experiment.

Herein, while caustic soda and carbon bisulphide elements are respectively the distinguishing elements in the combination of the claims in suit of the "Caustic Soda" and "Carbon Bisulphide" patents, nevertheless, the fundamental and essential element is the base, the soya bean flour. The chemicals, caustic soda and carbon bisulphide, are primarily effective because the base has the characteristic properties exhibited by a seed residue flour, of which soya bean flour is an example.

Despite appellee marking its glue "patented," and special advertisements about its products being patented, together with the publicity incident to the rapid development of a new industry, the appellants insisted upon invading this new industry developed under the patent rights of the appellee. Even after suit was instituted, specifically charging appellants with contributory infringement by supplying Kaseno Products Co. with the new glue base, they still continued after full knowledge to supply the said flour base to glue manufacturers. Again, after an offer by appellee to buy the entire output if they would discontinue their in-

fringing acts, p. 27, appellants refused, even though the settlement of the pending suit was offered as consideration. The fact of this offer shows by itself that Laucks would not have made the same had not appellants been the primary source of the new glue base for infringers. Then, a letter was sent by appellee, giving further notice of patent rights of appellee, and then further suits, including the patents in this suit, were instituted against appellants, yet even after all this, appellants persisted in their contributory infringement, and this they have done all during the trial, and until positively stopped by the injunction of the Trial Court. Even in their appeal to this court they ask the court to permit them to resume their invasion of the new glue business developed under the patented inventions of appellee.

The foregoing facts show conclusively that appellants did not innocently sell the soya bean flour as "casual sales," merely in response to orders normally received. Rather, the facts show conclusively a reaching out to capture the business for the new glue base, regardless of the continued involved invasion of the patent rights of appellee. Accordingly, the facts, we submit, amply justified and positively required the decision of the Trial Court against the willful and predatory conduct of the appellants. The stipulation of appellants, the Arabol letters, and testimony which established clearly the intent necessary to constitute appel-

lants full fledged contributory infringers are considered in detail, commencing page 25.

It is axiomatic that a person is presumed to intend the natural consequences of his acts. If he positively knows the actual consequences and then continues his acts, certainly no question can then remain as to his intent, p. 46.

“However honest or inadvertent the original mistake may have been, a continuation of the use of it after that (infringement) was pointed out is itself sufficient evidence of a fraudulent intention.” *Orr-Ewing v. Johnson*, 13 Ch. D. 434, 553.

The authorities involving facts most analogous to those of the present suit are set forth and applied, pages 34 to 57. Of these, the attention of the court is specially directed to:

(1) The relatively recent case of this 9th Circuit Court of Appeals—*Ersted v. Willamette Iron & Steel Works*, page 48. Particularly is attention called to the breadth of the injunction.

(2) *Novadel Process Corporation v. J. P. Meyer & Co.*, page 38, relating to two step process of bleaching flour. The stipulation showed defendant there supplied the distinguishing materials of the patented combination and sold it to flour millers for bleaching purposes, who did use it in an infringing manner.

(3) *Henry v. A. B. Dick*, page 33 — a United States Supreme Court case which expressly states that “a pre-

sumption (of intent) arises when the article so sold is only adapted to an infringing use. (citing case.) It may *also* be inferred where its most conspicuous use is one which will cooperate in an infringement, etc.”

The individual liability of appellants is shown, p. 105 to 113.

That costs were rightly allowed to the appellee by the Trial Court is shown, commencing p. 113.

In conclusion, the attention of the court is particularly directed to the fact that the Trial Court in its decision did not deprive the appellants of any market for its products, which market appellants had prior to the establishment of the new soya bean glue industry of appellee.

Appellants in their concluding plea to this Court of Equity presume to request, in effect, that they be allowed to sell their products, regardless of the extent to which they may invade the patent property rights of the appellee. In short, appellants not only ask this court to grant them immunity from past infringement liability, but to deliver to them for the future the property rights of appellee, and thus set at naught the constitutionally grounded legislation protecting intangible patent property.

We prefer to believe the provision of the Constitution of the United States of America as the same relates to patent

rights is still in full force and effect and will be respected by this Court of Equity.

“Congress shall have power * * * to promote the progress of science and the useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”

In referring to this constitutional provision, it has been well said:

“No words ever penned have done more to promote the progress of any country and no country in the world’s history has progressed so much as ours since the penning of these famous words.” Walker on Patents, Vol. 1 (6th Ed.) 21.

Appellee further contends that when a new industry is developed by a manufacturer marketing an article covered by its patent, and such manufacturer marks all his goods “patented,” and when the fundamental and essential element is “a comparatively new product,” which must be made to certain specifications to adapt it for such patent product, and the magnitude of the new business is such that carload orders are made, it would be safe to assume that such product is the patented property of the said manufacturer, the title to which is protected by the laws of the United States of America. In short, the situation is not unlike that of one entering a section of country generally wild and where virgin forest stands, and suddenly comes upon a field fenced and cultivated, with crops growing. Surely such a party would thereby be apprised and put on notice that the par-

ticular field was private property. So in the present case, the appellee risked years of time and money in extended research work to solve the glue problem, well knowing that if they did not reach a solution which would stand the test of commercial needs, they would lose all. Having found the solution, they obtained patents expressly as provided by our laws, whose object is to protect and justify such research work, and to encourage such work in order to build up new industries. Appellee by marking the goods "patented" completed all requirements of the patent statutes.

Let it be noted that the patent laws have been considered the most democratic piece of legislation on our statute books. A workman while at the bench of his employer, and during the hours of his employment, may conceive a new invention, and the patent laws give the title of that invention to said workman. In the development and marketing of inventions the patentee has a road beset with many difficulties, such as the inertia and prejudice of human nature to things new. However, if he overcomes the difficulties and forces of nature in making his patented article a success, and proves his product worth while, then it is that he is beset by the most pernicious of all his enemies, the infringer (he who would reap where he has not sown). Just as here when the pat-

entee is about to reap his crop, he finds the most subtle of all such infringers, the contributory infringers, reaping his harvest.

Such a contributory infringer with no research and patent investment at stake and having a well developed organization is in a specially favorable position to supply the distinguishing element of the patented combination to others to aid them in invading the new industry of the patentee. Thus, such contributory infringer reaps where he did not sow and secures the reward that was justly intended by law for the patentee.

Finally the court's attention is directed to the fact that by affirming the Trial Court's decision in this case, this court will not be limiting the possible market that was open to appellants for their products prior to the establishment of the new industry of appellee. The soya bean glue business was an entirely new field developed by appellee, so that the demand for the element soya bean flour came about by reason of what appellee did. Accordingly, this court in sustaining the Trial Court, is closing no part of the market for appellants' products which was open to them prior to the establishment by appellee of the soya bean flour glue industry under its patents.

Accordingly, the Court is respectfully petitioned to affirm the decision of the Trial Court.

Respectfully submitted,

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